DRAFT RED HERRING PROSPECTUS
Dated: July 31, 2024
Please read Section 32 of the Companies Act, 2013
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Built Offer

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

AVANSE FINANCIAL SERVICES LIMITED

CORPORATE IDENTITY NUMBER: U67120MH1992PLC068060

REGISTERED AND CORPORATE OFFICE	CONTACT PERSON	EMAIL AND TELEPHONE	WEBSITE
4th floor, E-Wing, Times Square, Andheri-Kurla Road, Gamdevi, Marol, Andheri East, Mumbai 400 059, Maharashtra, India	Rajesh Pravinkumar Gandhi, Company Secretary and Compliance Officer	**Email:** companysecretary@avanse.com **Telephone:** +91 22 6859 9999	www.avanse.com

THE PROMOTER OF OUR COMPANY IS: OLIVE VINE INVESTMENT LTD

DETAILS OF THE OFFER TO THE PUBLIC

TYPE	FRESH ISSUE SIZE	OFFER FOR SALE SIZE	TOTAL OFFER SIZE	ELIGIBILITY AND SHARE RESERVATION
Fresh Issue and Offer for Sale	Up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹10,000.00 million	Up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹25,000.00 million	Up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹35,000.00 million	The Offer is being made pursuant to Regulation 6(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**"). For further details, see *"Other Regulatory and Statutory Disclosures – Eligibility for the Offer"* on page 386. For details in relation to the share reservation among QIBs, RIBs and NIBs, see "*Offer Structure*" on page 411.

DETAILS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE

NAME OF THE SELLING SHAREHOLDERS	TYPE	NUMBER OF EQUITY SHARES OFFERED (UP TO)/ AMOUNT (₹IN MILLION)	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹)#*^
Olive Vine Investment Ltd	Promoter Selling Shareholder	Up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹17,580.00 million	88.11
International Finance Corporation	Investor Selling Shareholder	Up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹3,420.00 million	79.23
Kedaara Capital Growth Fund III LLP	Investor Selling Shareholder	Up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹4,000.00 million	226.13

* *As certified by V. C. Shah & Co., Chartered Accountants, by way of their certificate dated July 31, 2024.*
\# *Calculated on a fully diluted basis.*
^ *Pursuant to a resolution passed by our Board on April 4, 2024, and a resolution passed by the Shareholders on April 26, 2024, the Company has sub-divided 125,911,616 equity shares of face value of ₹10 each to 251,823,232 Equity Shares of face value of ₹5 each.*

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of Equity Shares of face value of ₹5 each of our Company, there has been no formal market for the Equity Shares of face value ₹5 each. The face value of the Equity Shares is ₹5 each. The Floor Price, Cap Price and Offer Price as determined by our Company in consultation with the Book Running Lead Managers ("**BRLMs**"), and on the basis of assessment of market demand for the Equity Shares of face value of ₹5 each by way of the Book Building Process, as stated in *"Basis for Offer Price"* on page 101, should not be considered to be indicative of the market price of the Equity Shares of face value of ₹5 each after the Equity Shares of face value of ₹5 each are listed. No assurance can be given regarding active or sustained trading in the Equity Shares of face value of ₹5 each nor regarding the price at which the Equity Shares of face value of ₹5 each will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and Bidders should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Bidders are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, Bidders must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares of face value of ₹5 each in the Offer have neither been recommended, nor approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" beginning on page 26.

COMPANY'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms only the statements expressly and specifically made by it in this Draft Red Herring Prospectus to the extent such statements specifically pertain to such Selling Shareholder and/or 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. No Selling Shareholder assumes any responsibility for any other statements, disclosures and undertakings, including without limitation, any and all of the statements disclosures and undertakings made or confirmed by or relating to our Company or its business, or by any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

LISTING

The Equity Shares of face value of ₹5 each that will be offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges being BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**" together with BSE, the "**Stock Exchanges**"). For the purposes of the Offer, [●] shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS

NAMES AND LOGOS OF THE BRLMS	CONTACT PERSON	TELEPHONE AND E-MAIL
Kotak Mahindra Capital Company Limited	Ganesh Rane	**Tel:** +91 22 4336 0000 **E-mail:** afsl.ipo@kotak.com
Avendus Capital Private Limited	Sarthak Sawa/ Shantanu Chate	**Tel:** +91 22 6648 0050 **E-mail:** Avanse.ipo@avendus.com
J.P. Morgan India Private Limited	Akhand Dua	**Tel:** +91 22 6157 3000 **E-mail:** AVANSE_IPO@jpmorgan.com
Nomura Financial Advisory and Securities (India) Private Limited	Vishal Kanjani / Pradeep Tewani	**Tel:** +91 22 4037 4037 **E-mail:** avanseipo@nomura.com
Nuvama Wealth Management Limited (*formerly known as Edelweiss Securities Limited*)	Pari Vaya	**Tel:** +91 22 4009 4400 **E-mail:** avanse.IPO@nuvama.com
SBI Capital Markets Limited	Sambit Rath / Karan Savardekar	**Tel:** +91 22 4006 9807 **E-mail:** avanse.ipo@sbicaps.com

REGISTRAR TO THE OFFER

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

BID/ OFFER PERIOD

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

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

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

^ *The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Day.*

DRAFT RED HERRING PROSPECTUS
Dated: July 31, 2024
Please read Section 32 of the Companies Act, 2013
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Built Offer

AVANSE FINANCIAL SERVICES LIMITED

Our Company was incorporated as 'Abhivruddhi Holdings Private Limited' on August 7, 1992, at Mumbai, Maharashtra, India as a private limited company under the Companies Act, 1956. The name of our Company was changed to 'Avanse Financial Services Private Limited', pursuant to a resolution passed by our Shareholders on December 1, 2012 and a fresh certificate of incorporation, consequent to the change of name was issued to our Company by the Registrar of Companies, Maharashtra at Mumbai ("**RoC**") on December 12, 2012. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed by our Shareholders on December 23, 2013, and consequently, the name of our Company was changed to 'Avanse Financial Services Limited'. A fresh certificate of incorporation, upon conversion to a public limited company was issued by the RoC on February 4, 2014. The RBI granted a certificate of registration dated February 5, 2004, bearing no. B-13.01704 to our Company, for registration as an NBFC under Section 45-IA of the Reserve Bank of India Act, 1934. For further details in relation to the changes in the name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 206.

Registered and Corporate Office: 4th floor, E-Wing, Times Square, Andheri- Kurla Road, Gamdevi, Marol, Andheri East, Mumbai 400 059, Maharashtra, India
Website: https:// www.avanse.com; **Contact person:** Rajesh Pravinkumar Gandhi, Company Secretary and Compliance Officer; **Tel:** +91 22 6859 9999**; E-mail:** companysecretary@avanse.com
Corporate Identity Number: U67120MH1992PLC068060

THE PROMOTER OF OUR COMPANY IS: OLIVE VINE INVESTMENT LTD

INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹5 EACH ("EQUITY SHARES") OF AVANSE FINANCIAL SERVICES LIMITED (THE "COMPANY") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹35,000.00 MILLION COMPRISING OF A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹10,000.00 MILLION BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹25,000.00 MILLION ("OFFERED SHARES") BY THE SELLING SHAREHOLDERS (DEFINED BELOW), CONSISTING OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹17,580.00 MILLION BY THE PROMOTER SELLING SHAREHOLDER, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹3,420.00 MILLION BY INTERNATIONAL FINANCE CORPORATION ("IFC") AND UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹4,000.00 MILLION BY KEDAARA CAPITAL GROWTH FUND III LLP ("KEDAARA CAPITAL", TOGETHER WITH IFC, THE "INVESTOR SELLING SHAREHOLDERS") (THE PROMOTER SELLING SHAREHOLDER, ALONG WITH THE INVESTOR SELLING SHAREHOLDERS, COLLECTIVELY REFERRED TO AS THE "SELLING SHAREHOLDERS") ("OFFER FOR SALE", AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER")

THE FACE VALUE OF EQUITY SHARES IS ₹5 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND SHALL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLMS AND THE MINIMUM BID LOT SHALL BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN ALL EDITIONS OF [●], AN ENGLISH NATIONAL DAILY NEWSPAPER, ALL EDITIONS OF [●], A HINDI NATIONAL DAILY NEWSPAPER AND [●] EDITIONS OF [●], A MARATHI DAILY NEWSPAPER (MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA, WHERE OUR REGISTERED AND CORPORATE OFFICE IS LOCATED) EACH HAVING WIDE CIRCULATION AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SEBI ICDR REGULATIONS.

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

This Offer is being made in terms of Rule 19(2)(b) of the SCRR read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process and is in compliance with Regulation 6(1) of the SEBI ICDR Regulations wherein in terms of Regulation 32(1) of the SEBI ICDR Regulations, not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**", and such portion, the "**QIB Portion**") provided that our Company and the Selling Shareholders in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("**Anchor Investor Portion**"), of which at least one-third shall be available for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares of face value of ₹5 each shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors) including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares of face value of ₹5 each available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation to Non-Institutional Bidders out of which (a) one-third of such portion shall be reserved for applicants with application size of more than ₹0.20 million and up to ₹1.00 million; and (b) two-third of such portion shall be reserved for applicants with application size of more than ₹1.00 million provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders ("**RIBs**") in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective bank accounts (including UPI ID for UPI Bidders using UPI Mechanism) (*as defined hereinafter*) in which the Bid amount will be blocked by the SCSBs or the Sponsor Banks, as applicable, to participate in the Offer. Anchor Investors are not permitted to participate in the Anchor Investor Portion of the Offer through the ASBA process. For details, see "*Offer Procedure*" on page 414.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of Equity Shares of face value of ₹5 each of our Company, there has been no formal market for the Equity Shares of face value ₹5 each. The face value of the Equity Shares is ₹5 each. The Floor Price, Cap Price and Offer Price as determined by our Company in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations, and on the basis of assessment of market demand for the Equity Shares of face value of ₹5 each by way of the Book Building Process, as stated in "*Basis for Offer Price*" on page 101 should not be considered to be indicative of the market price of the Equity Shares of face value of ₹5 each after the Equity Shares of face value of ₹5 each are listed. No assurance can be given regarding active or sustained trading in the Equity Shares of face value of ₹5 each nor regarding the price at which the Equity Shares of face value of ₹5 each will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and Bidders should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Bidders are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, Bidders must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares of face value of ₹5 each in the Offer have neither been recommended, nor approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the Bidders is invited to "*Risk Factors*" on page 26.

COMPANY'S AND THE SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms only the statements expressly and specifically made by it in this Draft Red Herring Prospectus to the extent such statements specifically pertain to such Selling Shareholder and/or 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. No Selling Shareholder assumes any responsibility for any other statements, disclosures and undertakings, including without limitation, any and all of the statements, disclosures and undertakings made or confirmed by or relating to our Company or its business, or by any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

LISTING

The Equity Shares of face value of ₹5 each that will be offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares of face value of ₹5 each pursuant to their letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 461.

BOOK RUNNING LEAD MANAGERS						REGISTRAR TO THE OFFER
Kotak Mahindra Capital Company Limited 27 BKC, 1st Floor, Plot No. C – 27 G Block, Bandra Kurla Complex Bandra (East), Mumbai, 400 051 Maharashtra, India **Tel:** +91 22 4336 0000 **E-mail:** afsl.ipo@kotak.com **Website:** https://investmentbank.kotak.com **Investor Grievance ID:** kmccredressal@kotak.com **Contact Person:** Ganesh Rane **SEBI Registration Number** INM000008704	**Avendus Capital Private Limited** Platina Building, 9th Floor, 901, Plot No C-59, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Maharashtra, India **Tel:** +91 22 6648 0050 **Email:** Avanse.ipo@avendus.com **Website:** www.avendus.com **Investor Grievance E-mail:** investorgrievance@avendus.com **Contact person:** Sarthak Sawa/ Shantanu Chate **SEBI Registration Number:** INM000011021	**J.P. Morgan India Private Limited** J.P. Morgan Tower, Off C.S.T Road, Kalina, Santacruz East Mumbai 400 098 Maharashtra, India **Tel.**: +91 22 6157 3000 **E-mail:** AVANSE_IPO@jpmorgan.com **Website**: www.jpmipl.com **Investor Grievance E-mail** investorsmb.jpmipl@jpmorgan.com **Contact Person**: Akhand Dua **SEBI Registration Number.**: INM000002970	**Nomura Financial Advisory and Securities (India) Private Limited** Ceejay House, 11th Level, Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai 400 018, Maharashtra, India. **Tel**: +91 22 4037 4037 **E-mail:** avanseipo@nomura.com **Website:** http://www.nomuraholdings.com/company/group/asia/india/index.html **Investor Grievance E-mail**: investorgrievances-in@nomura.com **Contact Person:** Vishal Kanjani / Pradeep Tewani **SEBI Registration No.:** INM000011419	**Nuvama Wealth Management Limited *(formerly known as Edelweiss Securities Limited)*** 801 -804, Wing A, Building No 3, Inspire BKC, G Block Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India **Telephone**: +91 22 4009 4400 **Email**: avanse.IPO@nuvama.com **Website**: www.nuvama.com **Investor Grievance E-mail**: customerservice.mb@nuvama.com **Contact Person**: Pari Vaya **SEBI Registration Number**: INM000013004	**SBI Capital Markets Limited** 1501, 15th Floor, A&B Wing, Parinee Crescenzo Building, G Block, Bandra Kurla Complex Bandra (East), Mumbai 400 051 Maharashtra, India **Tel:** +91 22 4006 9807 **E-mail**: avanse.ipo@sbicaps.com **Website**: www.sbicaps.com **Investor Grievance E-mail**: investor.relations@sbicaps.com **Contact Person:** Sambit Rath/Karan Savardekar **SEBI Registration No.:** INM000003531	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park L.B.S. Marg, Vikhroli West Mumbai 400 083 Maharashtra, India **Tel**: +91 810 811 4949 **E-mail**: avanse.ipo@linkintime.co.in **Investor grievance E-mail**: avanse.ipo@linkintime.co.in **Website**: www.linkintime.co.in **Contact Person**: Shanti Gopalkrishnan **SEBI Registration No.**: INR000004058

BID/ OFFER PERIOD

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

(1) Our Company and the Selling Shareholders, in consultation with the BRLMs, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date.
(2) Our Company and the Selling Shareholders, in consultation with the BRLMs, may consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.
^ The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Day.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislations, acts, regulations, rules, guidelines, circulars, notifications, clarifications, directions, or policies shall be to such legislations, acts, regulations, rules, guidelines, circulars, notifications, clarifications, directions, or policies as amended, updated, supplemented, re-enacted or modified, from time to time, and any reference to a statutory provision shall include any subordinate legislation made, from time to time, under such provision.

The words and expressions used in this Draft Red Herring Prospectus, but not defined herein shall have the meaning ascribed to such terms under the SEBI ICDR Regulations, the SEBI Act, the SEBI Listing Regulations, the Companies Act, the SCRA, the SCRR, the Depositories Act and the rules and regulations notified thereunder, as applicable. Further, the Offer related terms used but not defined in this Draft Red Herring Prospectus shall have the meaning ascribed to such terms under the General Information Document (as defined hereinafter). In case of any inconsistency between the definitions used in this Draft Red Herring Prospectus and the definitions included in the General Information Document, the definitions used in this Draft Red Herring Prospectus shall prevail.

Notwithstanding the foregoing, the terms not defined herein but used in "Basis for Offer Price", "Statement of Special Tax Benefits", "Industry Overview", "Key Regulations and Policies", "History and Certain Corporate Matters", "Restated Summary Statements", "Financial Indebtedness", "Outstanding Litigation and Material Developments", "Other Regulatory and Statutory Disclosures", "Offer Procedure" and "Main Provisions of Articles of Association" on pages 101, 110, 115, 192, 206, 243, 372, 376, 386, 414 and 434, respectively, shall have the meanings ascribed to such terms in the relevant sections.

General Terms

Term	Description
"our Company" or "the Company"	Avanse Financial Services Limited, a public limited company incorporated under the Companies Act, 1956 with its registered and corporate office at 4th floor, E-Wing, Times Square, Andheri- Kurla Road, Gamdevi, Marol, Andheri East, Mumbai 400 059, Maharashtra, India
"we", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company together with its Subsidiary

Company Related Terms

Term	Description
Alpha	Alpha Investment Company LLC
"Articles of Association" or "AoA" or "Articles"	Articles of association of our Company, as amended from time to time
Audit Committee	The audit committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Our Management – Committees of the Board – Audit Committee*" on page 218
Avendus Future	Avendus Future Leaders Fund II
"Board" or "Board of Directors" or "Directors"	The board of directors of our Company or a duly constituted committee thereof where applicable or implied by context
CCPS	Compulsorily convertible preference shares of face value ₹10 each
"Chief Executive Officer" or "CEO"	Managing director and chief executive officer of our Company, namely, Amit Gainda
"Chief Financial Officer" or "CFO"	Chief financial officer of our Company, namely, Vikrant Virendra Gandhi
Committee(s)	Duly constituted committee(s) of our Board
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, namely, Rajesh Pravinkumar Gandhi
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and as described in "*Our Management – Committees of the Board – Corporate Social Responsibility Committee*" on page 223
Current Statutory Auditor(s)	The current statutory auditors of our Company, namely, Walker Chandiok & Co LLP, Chartered Accountants
Dividend Policy	Dividend distribution policy approved and adopted by our Board on April 30, 2024

Term	Description
Equity Shares	Equity shares of face value of ₹5 each of our Company
ESOP 2019	Avanse Financial Services Limited Employee Stock Option Plan, 2019
ESOP 2024	Avanse Financial Services Limited Employee Stock Option Plan, 2024
ESOP Schemes	Collectively, ESOP 2019 and ESOP 2024
Executive Director(s)	Executive director(s) of our Company, namely Amit Gainda
"Independent Chartered Accountant"	V. C. Shah & Co., Chartered Accountants
Independent Director(s)	The independent director(s) of our Company, appointed as per the Companies Act, 2013 and the SEBI Listing Regulations, as described in "*Our Management*" on page 212
Initial Subscribers	Amrut T. Shah, Kaushik M. Chedda, Praful K. Dedhia and Satish K. Gala
IFC	International Finance Corporation
Kedaara Capital	Kedaara Capital Growth Fund III LLP
Kedaara Pichola	Kedaara Pichola Holding Limited
"Key Managerial Personnel" or "KMP"	Key managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, as described in "*Our Management - Key Managerial Personnel*" on page 225
"Managing Director" or "MD"	Managing director and chief executive officer of our Company, namely, Amit Gainda
"Memorandum of Association" or "MoA"	The memorandum of association of our Company, as amended from time to time
Nomination, Remuneration and Compensation Committee	The nomination, remuneration and compensation committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Our Management – Committees of the Board - Nomination Remuneration and Compensation Committee*" on page 220
Non-Executive Director(s)	Non-executive directors on our Board, including Narendra Ostawal, Sunish Sharma, Luca Molinari, Hemant Omprakash Mundra and the Independent Directors of our Company as described in "*Our Management*" on page 212
"Promoter" or "Olive Vine"	The promoter of our Company, namely Olive Vine Investment Ltd
Promoter Group	Individuals and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations. Further, as on date of this Draft Red Herring Prospectus, our Promoter does not have any natural persons or body corporates who are part of the Promoter Group.
Predecessor Statutory Auditor(s)	M/s. S.R Batliboi & Co. LLP, Chartered Accountants
Registered and Corporate Office	4th floor, E-Wing, Times Square Building, Andheri Kurla Road, Andheri (East), Mumbai 400 059, Maharashtra, India
"Registrar of Companies" or "RoC"	The Registrar of Companies, Maharashtra at Mumbai
Restated Summary Statements	The restated summary statements of our Company comprising: (i) the restated consolidated summary statement of assets and liabilities of our Company and its Subsidiary as at March 31, 2024 and March 31, 2023, the restated consolidated summary statement of profit and loss (including other comprehensive income), the restated consolidated summary statement of cash flows and the restated consolidated summary statement of changes in equity for the financial years ended March 31, 2024 and March 31, 2023 together with the summary statement of material accounting policies, and other explanatory information relating to such financial periods; and (ii) the restated standalone summary statement of assets and liabilities of our Company as at March 31, 2022, the restated standalone summary statement of profit and loss (including other comprehensive income), the restated standalone summary statement of cash flows and the restated standalone summary statement of changes in equity for the financial year ended March 31, 2022 together with the summary statement of material accounting policies and other explanatory information relating to March 31, 2022, which are derived from our audited consolidated financial statements as at and for the years ended March 31, 2024 and March 31, 2023 and audited standalone financial statement as at and for the year ended March 31, 2022 respectively, prepared in accordance with Ind AS, and restated in accordance with requirements of Section 26 of Part I of Chapter III of Companies Act, SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI
Risk Management Committee	The risk management committee of our Board constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Our Management – Committees of the Board – Risk Management Committee*" on page 222
"Senior Management Personnel"	Senior Management Personnel of our Company in accordance with Regulation 2(1)(bbbb) of the SEBI

Term	Description
or "SMP"	ICDR Regulations, as described in "*Our Management – Senior Management Personnel*" on page 225
"SHA" or "Shareholders' Agreement"	The shareholders agreement dated March 6, 2024, entered into by and amongst our Company, our Promoter, IFC, Kedaara Capital, Kedaara Pichola and Alpha read with the deed of adherence dated March 22, 2024, entered into by and between our Company and Avendus Future
Shareholder(s)	The shareholder(s) of our Company from time to time
Second Amendment Agreement	Second amendment agreement dated July 18, 2024 to the SHA entered into by and amongst our Company, our Promoter, IFC, Kedaara Capital, Kedaara Pichola, Alpha and Avendus Future
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Our Management – Committees of the Board - Stakeholders' Relationship Committee*" on page 221
"Subsidiary" or "our Subsidiary" or "Avanse Global Finance"	Avanse Global Finance IFSC Private Limited, incorporated on January 11, 2023
Waiver cum Amendment Agreement	Waiver cum amendment agreement dated June 20, 2024 entered into between and amongst our Company, our Promoter, IFC, Kedaara Capital, Kedaara Pichola, Alpha and Avendus Future to the Shareholders' Agreement
Warburg Pincus Group	Entities that are managed or advised by Warburg Pincus LLC, a limited liability company organized under the laws of New York and whose registered office is situated at 450 Lexington Avenue, New York NY 10017, USA

Offer Related Terms

Term	Description
Abridged Prospectus	The memorandum containing such salient features of a prospectus as may be specified by SEBI in this regard
Acknowledgement Slip	The slip or document issued by the relevant Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
"Allot" or "Allotment" or "Allotted"	Unless the context otherwise requires, allotment of the Equity Shares of face value of ₹5 each pursuant to the Fresh Issue and transfer of the Offered Shares pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	A note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares of face value of ₹5 each after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares of face value of ₹5 each are Allotted
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus who has Bid for an amount of at least ₹100.00 million
Anchor Investor Allocation Price	Price at which Equity Shares of face value of ₹5 each will be allocated to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company in consultation with the BRLMs
Anchor Investor Application Form	Application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion, and which will be considered as an application for Allotment in terms of the requirements specified under the SEBI ICDR Regulations and the Red Herring Prospectus and Prospectus
Anchor Investor Bid/ Offer Period	One Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which the Book Running Lead Managers will not accept any Bids from Anchor Investors, and allocation to Anchor Investors shall be completed
Anchor Investor Offer Price	Final price at which the Equity Shares of face value of ₹5 each will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company in consultation with the BRLMs
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), the Anchor Investor Bid/ Offer Period, and in the event the Anchor Investor Allocation Price is lower than the Anchor Investor Offer Price, not later than two Working Days after the Bid/ Offer Closing Date
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Selling Shareholders in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in

Term	Description
	accordance with the SEBI ICDR Regulations
"Application Supported by Blocked Amount" or "ASBA"	Application, whether physical or electronic, used by ASBA Bidders to make a Bid and to authorise an SCSB to block the Bid Amount in the relevant ASBA Account and will include applications made by UPI Bidders where the Bid Amount will be blocked by the SCSB upon acceptance of the UPI Mandate Request by UPI Bidders
ASBA Account	Bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of an UPI Bidders which is blocked upon acceptance of a UPI Mandate Request in relation to a Bid made by the UPI Bidders
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders to submit Bids, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Avendus	Avendus Capital Private Limited
Bankers to the Offer	Collectively, Escrow Collection Bank(s), Public Offer Account Bank(s), Sponsor Bank(s) and Refund Bank(s), as the case may be
Basis of Allotment	Basis on which Equity Shares of face value of ₹5 each will be Allotted to successful Bidders under the Offer and which is described in "*Offer Procedure*" on page 414
Bid(s)	Indication to make an offer during the Bid/ Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/ Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares of face value of ₹5 each at a price within the Price Band, including all revisions and modifications thereto in accordance with the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the relevant Bid cum Application Form. The term "Bidding" shall be construed accordingly
Bid Amount	In relation to each Bid, the highest value of Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares of face value of ₹5 each Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid.
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares of face value of ₹5 each and in multiples of [●] Equity Shares of face value of ₹5 each thereafter
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be notified in all editions of [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located), each with wide circulation. Our Company and the Selling Shareholders in consultation with the BRLMs, may consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations. In case of any revision, the extended Bid/ Offer Closing Date shall also be widely disseminated by notification to the Stock Exchanges by issuing a public notice, and also by notifying on the websites of the BRLMs and at the terminals of the Syndicate Members and communicating to the Designated Intermediaries and the Sponsor Banks, which shall also be notified in an advertisement in the same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, being [●], which shall be notified in all editions of [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered Office is located), each with wide circulation
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations and the terms of the Red Herring Prospectus. Provided however, that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors. Our Company and the Selling Shareholders in consultation with the Book Running Lead Managers may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations
"Bidder" or "Applicant"	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, which includes an ASBA Bidder

Term	Description
	and an Anchor Investor
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Bid cum Application Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
"Book Running Lead Managers" or "BRLMs"	Book running lead managers to the Offer, namely, Kotak Mahindra Capital Company Limited, Avendus Capital Private Limited, J.P. Morgan India Private Limited, Nomura Financial Advisory and Securities (India) Private Limited, Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited) and SBI Capital Markets Limited
Broker Centres	Centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
"CAN" or "Confirmation of Allocation Note"	Notice or intimation of allocation of the Equity Shares of face value of ₹5 each sent to Anchor Investors, who have been allocated the Equity Shares of face value ₹5 each, on or after the Anchor Investor Bid/ Offer Period
Cap Price	Higher end of the Price Band, subject to any revisions thereto, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted. The Cap Price shall be at least 105% of the Floor Price and less than or equal to 120% of the Floor Price
Cash Escrow and Sponsor Bank Agreement	The cash escrow and sponsor banks agreement to be entered into amongst our Company, the Selling Shareholders, the BRLMs, the Bankers to the Offer, the Syndicate Member(s) and Registrar to the Offer for, *inter alia*, collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refund of the amounts collected from the Anchor Investors, on the terms and conditions thereof, in accordance with the UPI Circulars
Client ID	Client identification number maintained with one of the Depositories in relation to dematerialised account
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids from relevant Bidders at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and other applicable circulars issued by SEBI as per the list available on the respective websites of the Stock Exchanges, as updated from time to time
Cut-off Price	Offer Price, finalised by our Company in consultation with the BRLMs, which shall be any price within the Price Band. Only RIBs Bidding in the Retail Portion are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
CRISIL MI&A	CRISIL Market Intelligence & Analytics, a division on CRISIL Limited
CRISIL MI&A Report	Industry Report titled 'Assessment of the Education Services and Education Loan Industry in India' dated June 2024 issued by CRISIL MI&A. The CRISIL MI&A Report has been exclusively commissioned and paid for by our Company in connection with the Offer
Demographic Details	The demographic details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation, bank account details, PAN and UPI ID, wherever applicable
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms from relevant Bidders, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where relevant ASBA Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and/or the instructions are issued to the SCSBs (in case of UPI Bidders, instruction issued through the Sponsor Banks) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the Refund Account, as the case may be, in terms of the Red Herring Prospectus and the Prospectus after finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following which Equity Shares of face value of ₹5 each will be Allotted in the Offer

Term	Description
Designated Intermediary(ies)	Collectively, the members of the Syndicate, sub-syndicate or agents, SCSBs (other than in relation to RIBs using the UPI Mechanism), Registered Brokers, CDPs and RTAs, who are authorised to collect Bid cum Application Forms from the relevant Bidders, in relation to the Offer. In relation to ASBA Forms submitted by RIBs Bidding in the Retail Portion by authorising an SCSB to block the Bid Amount in the ASBA Account and HNIs bidding with an application size of up to ₹500,000 (not using the UPI Mechanism) by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by UPI Bidders where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such UPI Bidders, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs. In relation to ASBA Forms submitted by QIBs (excluding Anchor Investors) and Non-Institutional Bidders (not using the UPI mechanism), Designated Intermediaries shall mean Syndicate, sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated 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 www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	[●]
"Draft Red Herring Prospectus"	This draft red herring prospectus dated July 31, 2024 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares of face value of ₹5 each will be Allotted and the size of the Offer, including any addenda or corrigenda thereto
Eligible FPI(s)	FPI(s) that are eligible to participate in the Offer in terms of the applicable law and from such jurisdictions outside India where it is not unlawful to make an offer/invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares of face value of ₹5 each offered thereby
Eligible NRI(s)	NRI(s) eligible to invest under Schedule 3 and Schedule 4 of the FEMA Rules, from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares of face value of ₹5 each
Escrow Account(s)	The 'no-lien' and 'non-interest bearing' account(s) to be opened with the Escrow Collection Bank(s) and in whose favour the Bidders (excluding ASBA Bidders) will transfer money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank(s)	The bank(s) which are clearing members and registered with SEBI as a banker to an issue under the SEBI BTI Regulations and with whom the Escrow Account(s) will be opened, in this case being [●]
"First Bidder" or "Sole Bidder"	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision(s) thereto, not being less than the face value of the Equity Shares of face value ₹5 each, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
Fraudulent Borrower	A company or person, as the case may be, categorised as a fraudulent borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on fraudulent borrowers issued by the RBI and as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations
Fresh Issue	Fresh issue of up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹10,000.00 million by our Company
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 SEBI circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020, the UPI Circulars, as amended from time to time. The General Information Document shall be available on the website of the Stock Exchanges, and the Book Running Lead Managers
Gross Proceeds	The gross proceeds of the Fresh Issue that will be available to our Company
Investor Selling Shareholder(s)	IFC and Kedaara Capital

Term	Description
J.P. Morgan	J.P. Morgan India Private Limited
Kotak	Kotak Mahindra Capital Company Limited
Materiality Policy	The policy adopted by our Board in its meeting dated April 30, 2024 for determining identification of Group Companies, material outstanding litigation and outstanding dues to material creditors, in accordance with the disclosure requirements under the SEBI ICDR Regulations
MIM Structure	Multiple investment manager structure in accordance with the SEBI master circular bearing reference number SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022
Monitoring Agency	[●], being a credit rating agency registered with SEBI
Monitoring Agency Agreement	The agreement dated [●] to be entered into between and amongst our Company and the Monitoring Agency
Mutual Fund Portion	Up to 5% of the Net QIB Portion or [●] Equity Shares of face value of ₹5 each which shall be available for allocation only to Mutual Funds on a proportionate basis, subject to valid Bids being received at or above the Offer Price
Net Proceeds	The proceeds of the Fresh Issue less our Company's share of the Offer related expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see "*Objects of the Offer*" on page 96
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares of face value of ₹5 each Allotted to the Anchor Investors
Nomura	Nomura Financial Advisory and Securities (India) Private Limited
"Non-Institutional Bidders" or "NIBs"	All Bidders that are not QIBs, RIBs and who have Bid for Equity Shares of face value of ₹5 each for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer comprising [●] Equity Shares of face value of ₹5 each which shall be available for allocation to Non-Institutional Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price, in the following manner: (a) One-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹200,000 and up to ₹1,000,000; and (b) Two-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹1,000,000. Provided that the unsubscribed portion in either of the sub-categories specified in clauses (a) or (b), may be allocated to applicants in the other sub-category of Non-Institutional Bidders
"Non-Resident Indians" or "NRI(s)"	A non-resident Indian as defined under the FEMA Non-debt Instruments Rules
Nuvama	Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)
Offer	The initial public offer of up to [●] Equity Shares of face value of ₹5 each for cash at a price of ₹5 each (including a share premium of ₹[●] per Equity Share) aggregating up to ₹35,000.00 million comprising of the Fresh Issue and the Offer for Sale
Offer Agreement	The offer agreement dated July 31, 2024 entered into amongst our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements have been agreed upon in relation to the Offer
Offer for Sale	Offer for sale of up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹25,000.00 million by the Selling Shareholders consisting up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹17,580.00 million by Olive Vine, up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹3,420.00 million by IFC and up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹4,000.00 million by Kedaara Capital
Offer Price	The final price at which Equity Shares of face value of ₹5 each will be Allotted to successful ASBA Bidders (except for the Anchor Investors) in terms of the Red Herring Prospectus and the Prospectus. Equity Shares of face value of ₹5 each will be Allotted to Anchor Investors at the Anchor Investor Offer Price which will be decided by our Company in consultation with the BRLMs in terms of the Red Herring Prospectus and the Prospectus. The Offer Price will be decided by our Company in consultation with the BRLMs on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus.
Offer Proceeds	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to each of the Selling Shareholders, to the extent of its respective portion of the Offered Shares. For further information about use of the Offer Proceeds, see "*Objects of the Offer*" on page 96
Offered Shares	Up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹25,000.00 million offered by the Selling Shareholders in the Offer for Sale
Price Band	Price band of a minimum price of ₹[●] per Equity Share (i.e., the Floor Price) and the maximum price

Term	Description
	of ₹[●] per Equity Share (i.e., the Cap Price) including any revisions thereof. The Price Band will be decided by our Company in consultation with the BRLMs, and the minimum Bid Lot for the Offer will be decided by our Company in consultation with the BRLMs, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in all editions of [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located), each with wide circulation and will be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	The date on which our Company in consultation with the BRLMs will finalise the Offer Price
Promoter Selling Shareholder	Olive Vine Investment Ltd or Olive Vine
Promoters' Contribution	Minimum Promoters' contribution in accordance with Regulation 14 and Regulation 16(1) of the SEBI ICDR Regulations
Prospectus	Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, inter alia, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	The 'no-lien' and 'non-interest bearing' account to be opened with the Public Offer Account Bank, under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account and ASBA Accounts maintained with the SCSBs on the Designated Date
Public Offer Account Bank(s)	A bank which is a clearing member and which is registered with SEBI as a banker to an issue and with which the Public Offer Account for collection of Bid Amounts from Escrow Accounts and ASBA Accounts will be opened, in this case being [●]
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer consisting of [●] Equity Shares of face value of ₹5 each which shall be available for allocation on a proportionate basis to QIBs (including Anchor Investors in which allocation shall be on a discretionary basis, as determined by our Company and the Selling Shareholders in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price
"Qualified Institutional Buyers" or "QIBs" or "QIB Bidders"	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
"Red Herring Prospectus" or "RHP"	Red herring prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the Offer Price and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date
Refund Account(s)	The 'no-lien' and 'non-interest bearing' account to be opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made
Refund Bank(s)	Banker(s) to the Offer and with whom the Refund Account will be opened, in this case being [●]
Registered Brokers	The stock brokers registered under the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992, as amended with the Stock Exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/ CFD/ 14/ 2012 dated October 4, 2012 issued by SEBI
Registrar Agreement	The registrar agreement dated June 20, 2024 entered into amongst our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
"Registrar and Share Transfer Agents" or "RTAs"	The registrar and share transfer agents registered with SEBI and eligible to procure Bids from relevant Bidders at the Designated RTA Locations in terms of SEBI circular number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI and available on the websites of NSE at www.nseindia.com and BSE at www.bseindia.com
"Registrar to the Offer" or "Registrar"	Link Intime India Private Limited
"Retail Individual Bidder(s)" or "RIB(s)"	Individual Bidders, who have Bid for the Equity Shares of face value of ₹5 each for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs)
Resident Indian	A person resident in India, as defined under FEMA
Retail Portion	Portion of the Offer being not less than 35% of the Offer consisting of [●] Equity Shares of face value of ₹5 each which shall be available for allocation to Retail Individual Bidders (subject to valid Bids being received at or above the Offer Price)
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares of face value of ₹5 each or the Bid Amount in any of their Bid cum Application Form(s) or any previous Revision Form(s), as

Term	Description
	applicable. QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares of face value of ₹5 each or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/Offer Closing Date
SBI	SBI Capital Markets Limited
“Self-Certified Syndicate Bank(s)” or “SCSB(s)”	The banks registered with SEBI, which offer the facility (i) 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 (ii) in relation to ASBA (through UPI Mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be prescribed by SEBI and updated from time to time. Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is provided as Annexure ‘A’ to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, UPI Bidders may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=4 0) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time. A list of SCSBs and mobile applications, which are live for applying in public issues using UPI mechanism is provided as ‘Annexure A’ for the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019
Selling Shareholders	Collectively, the Promoter Selling Shareholder and the Investor Selling Shareholders
Share Escrow Agent	Share escrow agent to be appointed pursuant to the Share Escrow Agreement, namely, [●]
Share Escrow Agreement	The share escrow agreement to be entered into amongst our Company, the Selling Shareholders, and the Share Escrow Agent in connection with the transfer of the respective portion of the Offered Shares by each Selling Shareholder and credit of such Equity Shares of face value of ₹5 each to the demat account of the Allottees
Specified Locations	Bidding Centres where the Syndicate shall accept ASBA Forms from Bidders
Sponsor Banks	[●] and [●], being the Bankers to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and/or payment instructions of the UPI Bidders and carry out other responsibilities, in terms of the UPI Circulars
Sub Syndicate	The sub syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect ASBA Forms and Revision Forms
“Syndicate” or “Members of the Syndicate”	Together, the BRLMs and the Syndicate Members
Syndicate Agreement	The syndicate agreement to be entered into amongst our Company, the Selling Shareholders, the BRLMs, the Syndicate Members and the Registrar, in relation to collection of Bids by the Syndicate
Syndicate Member(s)	Intermediaries (other than BRLMs) registered with SEBI who are permitted to carry out activities in relation to collection of Bids and as an underwriters, namely, [●]
T+3 Notification	SEBI circular bearing number SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023
Underwriters	[●]
Underwriting Agreement	The underwriting agreement to be entered into amongst our Company, the Selling Shareholders, and the Underwriters on or after the Pricing Date, but prior to filing of the Prospectus with the RoC
UPI	Unified payments interface, which is an instant payment mechanism, developed by NPCI
UPI Bidders	Collectively, individual investors applying as (i) Retail Individual Bidders Bidding in the Retail Portion, and (ii) Non-Institutional Bidders with an application size of up to ₹500,000, Bidding in the Non-Institutional Portion, and Bidding under the UPI Mechanism through ASBA Form(s) submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents. Pursuant to circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, all individual investors applying in public issues where the application amount is up to ₹500,000 shall use UPI Mechanism and shall provide their UPI ID in the bid-cum-application form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the

Term	Description
	stock exchange as eligible for such activity)
UPI Circulars	SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SEBI circular no. SEBI/ HO/CFD/DIL2/CIR/2022/75 dated May 30, 2022, SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, along with the circular issued by the National Stock Exchange of India Limited having reference no. 25/2022 dated August 3, 2022, and the circular issued by BSE Limited having reference no. 20220803-40 dated August 3, 2022, and any subsequent circulars or notifications issued by SEBI or the Stock Exchanges in this regard
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the UPI Bidders by way of a notification on the UPI linked mobile application as disclosed by SCSBs on the website of SEBI and by way of an SMS on directing the UPI Bidders to such UPI linked mobile application) to the UPI Bidders initiated by the Sponsor Banks to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	The bidding mechanism that may be used by an UPI Bidders in accordance with the UPI Circulars to make an ASBA Bid in the Offer
Wilful Defaulter	A company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations
Working Day	All days on which commercial banks in Mumbai are open for business. In respect of announcement of Price Band and Bid/Offer Period, Working Day shall mean all days, excluding Saturdays, Sundays, and public holidays, on which commercial banks in Mumbai are open for business. In respect of the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares of face value of ₹5 each on the Stock Exchanges, Working Day shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays in India, as per circulars issued by SEBI

Technical, Industry Related Terms or Abbreviations

Term	Description
AI	Artificial intelligence
ALM	Asset liability management
AML	Anti money laundering
ASM	Additional surveillance measures
CAGR	Compounded annual growth rate
CPI	Consumer price index
CRM	Customer relationship management
DPD	Days past due
DSA	Direct selling agents
EIR	Effective interest rate
EIS	Excess interest spread
GRE	Graduate record examinations
GSM	Graded surveillance measures
ML	Machine learning
NPA	Non-performing assets
OCI	Other comprehensive income
SICR	Significant increase in credit risk
SPPI	Solely payments of principal and interest
STEM	Science, technology, engineering and mathematics
TAT	Turnaround time
Term Loan (Gross)	Represents aggregate of principal outstanding of term loans, interest accrued and other Ind AS adjustments held in our books at amortized cost as on the last day of the relevant year
Term Loans (Net)	Represents the term loans (gross) outstanding as reduced by Impairment loss allowance on such term loans as at the last day of the relevant period or year
Tier I Capital	“Tier 1 capital” includes (i) Owned fund as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with

Term	Description
	subsidiaries and companies in the same group exceeding, in aggregate, ten percent of the owned fund; and (ii) Perpetual debt instruments issued by a non-deposit taking NBFCs in each year to the extent it does not exceed 15 percent of the aggregate Tier 1 capital of such company as on March 31 of the previous accounting year “Owned Fund” means aggregate of (i) paid up equity capital, (ii) preference shares which are compulsorily convertible into equity, (iii) free reserves, (iv) balance in share premium account and (v) capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset; as reduced by (vi) accumulated loss balance, (vii) book value of intangible assets and (viii) deferred revenue expenditure, if any.
Tier II Capital	“Tier II capital” includes (i) Preference shares other than those which are compulsorily convertible into equity; (ii) Revaluation reserves at discounted rate of 55 percent; (iii) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (iv) Hybrid debt capital instruments; (v) Subordinated debt; and (vi) Perpetual debt instruments issued by a non-deposit taking NBFC which is in excess of what qualifies for Tier 1 capital; to the extent the aggregate does not exceed Tier 1 capital.
WDV	Written down value

Conventional and General Terms or Abbreviations

Term	Description
₹/Rs./Rupees/INR	Indian Rupees
AIFs	Alternative Investment Funds, as defined in, and registered under the SEBI AIF Regulations
Auditor’s Report Directions	Master Direction - Non- Banking Financial Companies Auditor’s Report (Reserve Bank) Directions, 2016 dated September 29, 2016
Banking Regulation Act	Banking Regulation Act, 1949
BSE	BSE Limited
Category I AIFs	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as “Category I Foreign Portfolio Investors” under the SEBI FPI Regulations
Category II AIFs	AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations
Category II FPIs	FPIs who are registered as “Category II Foreign Portfolio Investors” under the SEBI FPI Regulations
Category III AIFs	AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations
CDSL	Central Depository Services (India) Limited
CERSAI	Central Registry of Securitisation Asset Reconstruction and Security Interest of India
CIC	Core investment company
CIN	Corporate identification number
Companies Act, 1956	The erstwhile Companies Act, 1956, along with the relevant rules, regulations, clarifications and modifications made thereunder
“Companies Act” or “Companies Act, 2013”	Companies Act, 2013, along with the relevant rules made thereunder
Compensation Guidelines	Guidelines on Compensation of Key Managerial Personnel and Senior Management in NBFCs dated April 29, 2022
CPC	Code of Civil Procedure, 1908
DA	Direct assignment
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
Digital Lending Guidelines	Guidelines on Digital Lending dated September 2, 2022
DIN	Director Identification Number
DLP	Digital Lending Platforms
DLP Guidelines	Loans Sourced by Banks and NBFCs over DLP: Adherence to Fair Practices Code and Outsourcing Guidelines dated June 24, 2020
DPDP Act	Digital Personal Data Protection Act, 2023
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (earlier known as the Department of Industrial Policy and Promotion)
DP ID	Depository Participant Identification
DP/ Depository Participant	Depository participant as defined under the Depositories Act
EBITDA	Earnings before interest, taxes, depreciation, and amortization. EBITDA is calculated as restated profit for the year plus total tax expenses, depreciation and amortization expenses, and finance costs
ECBs	External commercial borrowings
ECLGS	Emergency Credit Line Guarantee Scheme dated May 23, 2020
EMI	Equated monthly instalments
EPS	Earnings per Equity Share
ESOP	Employee Stock Option Plan
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT through notification dated October 15, 2020 effective from October 15, 2020

Term	Description
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Non-debt Instruments Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FEMA Regulations	FEMA Non-debt Instruments Rules, the Foreign Exchange Management (Mode of Payment and Reporting of Non debt Instruments) Regulations, 2019 and the Foreign Exchange Management (Debt Instruments) Regulations, 2019, as applicable
Financial Year/ Fiscal/ FY/ Fiscal Year	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIR	First information report
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI(s)	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
“GoI” or “Government” or “Central Government”	Government of India
GST	Goods and services tax
HUF	Hindu Undivided Family
HFC	Housing Finance Company
ICAI	The Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IDF-NBFC	Infrastructure debt fund-NBFC
IFRS	International Financial Reporting Standards
Ind AS/ Indian Accounting Standards	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
India	Republic of India
Previous Indian GAAP	Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with Companies (Accounting Standards) Rules, 2021
IPC	Indian Penal Code, 1860, as amended
IPO	Initial public offering
IRDAI	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
IT	Information Technology
IT Act	The Information Technology Act, 2000, as amended
ITSC	IT Strategy Committee
Income Tax Act	The Income Tax Act, 1961
KYC	Know your customer
Loans and Advances Guidelines	Loans and Advances – Regulatory Restrictions - NBFCs dated April 19, 2022
MCA	Ministry of Corporate Affairs
MCLR	Marginal Cost of Funds Based Lending Rate
Microfinance Loans Directions	Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022, dated March 14, 2022
MLD	Market-Linked Debentures
Monitoring of Frauds Directions	Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016
MSMEs	Micro, Small, and Medium Enterprises
Mutual Fund(s)	Mutual funds registered under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N/A	Not applicable
“NAV” or “Net Asset Value”	Net asset value
NACH	National Automated Clearing House
NBFC	Non-Banking Financial Company
NBFC-BL	NBFC- Base Layer
NBFCs-D	Deposit taking NBFCs
NBFC-infrastructure finance company	NBFC-infrastructure finance company
NBFC-ML	NBFC-Middle Layer
NBFC-P2P	NBFC-peer to peer lending platform
NBFC-TL	NBFC-Top Layer
NBFC-UL	NBFC- Upper Layer
NBFC Scale Based Regulations	Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023
NCD	Non-convertible debentures
NCGTC	National Credit Guarantee Trustee Company
NCLT	National Company Law Tribunal
NEFT	National Electronic Funds Transfer
NPCI	National Payments Corporation of India
NRE	Non Resident External
NRI	Individual resident outside India, who is a citizen of India
NRO	Non Resident Ordinary
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited

Term	Description
"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
Ombudsman Master Direction	Master Direction – RBI (Internal Ombudsman for Regulated Entities) Directions, 2023 dated December 29, 2023
P/E Ratio	Price/earnings ratio
PAN	Permanent account number
PCA	Prompt Corrective Action
PCA Framework	Notification on PCA Framework for NBFCs dated December 14, 2021
PMLA	Prevention of Money Laundering Act, 2002
Press Note	Press Note 3 of 2020, dated April 17, 2020 issued by the DPIIT
PSL	Priority sector lending
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RBIA	Risk-based internal audit
RBI Auditors Guidelines	Guidelines for Appointment of SCA/ Statutory Auditors of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021
RBIA Guidelines	Guidelines on Risk-based Internal Audit System for Select NBFCs and Primary Urban Co-operative Banks dated February 3, 2021
Regulation S	Regulation S under the U.S. Securities Act
Returns Master Direction	Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions, 2024 dated February 27, 2024
RoNW	Return on Net worth
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
SEBI ICDR Master Circular	SEBI master circular bearing reference number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094, dated June 21, 2023
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended
SEBI SBEB & SE Regulations	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations, as amended
SEC	U.S. Securities and Exchange Commission
SPD	Standalone primary dealer
State Government	The government of a state in India
Stock Exchanges	BSE and NSE
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
UCB	Urban Co-operative Banks
U.S./USA/United States	United States of America, its territories and possessions, any State of the United States, and the District of Columbia
USD/US$	United States Dollars
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

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

Certain Conventions

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

Unless stated otherwise, all information in this Draft Red Herring Prospectus is as of the date of this Draft Red Herring Prospectus and any time mentioned in this Draft Red Herring Prospectus is in IST. Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

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

Financial Data

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

Unless stated otherwise or the context otherwise requires, the financial information in this Draft Red Herring Prospectus is derived from the Restated Summary Statements.

Unless the context requires otherwise, the restated summary statements in this Draft Red Herring Prospectus comprise of (i) our restated consolidated summary statement of assets and liabilities of our Company as at March 31, 2024 and March 31, 2023, our restated consolidated summary statement of profit and loss (including other comprehensive income), our restated consolidated summary statement of cash flows and the restated consolidated summary statement of changes in equity for the financial years ended March 31, 2024 and March 31, 2023 together with the summary statement of material accounting policies, and other explanatory information relating to such financial periods; and (ii) our restated standalone summary statement of assets and liabilities of our Company as at March 31, 2022, our restated standalone summary statement of profit and loss (including other comprehensive income), our restated standalone summary statement of cash flows and the restated standalone summary statement of changes in equity for the financial year ended March 31, 2022 together with the summary statement of material accounting policies and other explanatory information relating to March 31, 2022, which are derived from our audited consolidated financial statements as at and for the years ended March 31, 2024 and March 31, 2023 and audited standalone financial statements as at and for the years ended March 31, 2022 respectively prepared in accordance with Ind AS, and restated in accordance with requirements of Section 26 of Part I of Chapter III of Companies Act, SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI. The Restated Summary Statements of our Company were examined by our Predecessor Statutory Auditor.

In this Draft Red Herring Prospectus, we have compared our consolidated financial information as of and for the years ended March 31, 2024 and March 31, 2023 with our standalone financial information as of and for the year ended March 31, 2022, which are generally not comparable. Our subsidiary, Avanse Global Finance IFSC Private Limited, was incorporated on January 11, 2023 and hence, the financial information as of and for the years ended March 31, 2024 and March 31, 2023 are presented on a consolidated basis. Our Subsidiary is not material to the Group as of and for the years ended March 31, 2024 and March 31, 2023.

For further information, see "*Restated Summary Statements*", "*Other Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 243, 342 and 348, respectively.

There are significant differences between the Ind AS, the IFRS and the Generally Accepted Accounting Principles in the United States of America (the "**U.S. GAAP**"). Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with accounting standards in India, the Ind AS, the Companies Act, 2013 and the SEBI ICDR Regulations, on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to quantify or identify the impact of the differences between the financial data (prepared under Ind AS and IFRS/ U.S. GAAP), nor have we provided a reconciliation thereof. We urge you to consult your own advisors regarding such differences and their impact on our financial data included in this Draft Red Herring Prospectus.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals from our Restated Summary Statements have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places. Due to such rounding off, in certain instances, the sum or percentage change of such numbers may not conform exactly to the total figure given. However, where any figures may have been sourced from third-party industry sources, such figures may be rounded off to such number of decimal places as provided in such respective sources.

Unless the context otherwise indicates, any percentage amounts, or ratios (excluding certain operational metrics), relating to the financial information of our Company as set forth in "*Risk Factors*", "*Our Business*", "*Selected Statistical Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 26, 174, 232 and 348, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of amounts derived from our Restated Summary Statements.

Non-GAAP Financial Measures

Certain Non-GAAP measures relating to our financial performance, such as, Net worth, Net interest, Average interest earning assets, Net interest margin, Average AUM, Operating expenses to Average AUM(%), Net total income, Cost to income ratio, Credit cost, Credit cost to Average Term loans (Gross) (%), Credit cost to Average AUM (%), Debt to Equity ratio, Return on total assets, Return on AUM, Return on Equity, Interest Income / Average AUM (%), Finance cost / Average AUM (%), Other Operating Income, Other Operating Income / Average AUM (%), Net total income / Average AUM (%), Pre Provisioning Operating Profit, Pre Provisioning Operating Profit / Average AUM (%), Profit before tax / Average AUM (%), Gross Stage 3 Loans (%), Net Stage 3 Loans (%), Provision Coverage Ratio, Net asset value per equity share, Total borrowings, Total Interest-earning assets, Average interest-earning assets / Average total assets (%), Average interest-bearing Liabilities / Average total assets (%), Average interest-earning assets / Average Interest bearing liabilities (%), Net yield on interest-earning assets (%), Yield on average Gross loan book (%), Average cost of borrowing, Spread (%), EBITDA, EBITDA to Total Income, Return on Net worth, Operating Expenses, Non Interest Income and Total equity to Total assets (%) (together, "**Non-GAAP Measures**"), and certain other industry metrics relating to our operations and financial performance presented in this Draft Red Herring Prospectus are a supplemental measure of our performance that are not required by, or presented in accordance with, Ind AS or IFRS. Further, these Non-GAAP Measures and other industry metrics are not a measurement of our financial performance or liquidity under Ind AS, Previous Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years 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 or IFRS. In addition, these Non-GAAP Measures and other industry metrics are not standardised terms, hence a direct comparison of similarly titled Non-GAAP Measures and other industry metrics between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its utility as a comparative measure. Although the Non-GAAP Measures and other industry metrics are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance. For further details see "*Other Financial Information*" on page 342. For further details see *"Risk Factors - We have included certain non-GAAP financial measures and other statistical information related to our operations in this Draft Red Herring Prospectus. Such non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry and may not be comparable with financial or statistical information of similar nomenclature computed and presented by other companies."* on page 50.

Currency and Units of Presentation

All references to:

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

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

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

Exchange Rates

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

The following table sets forth, for the years indicated, information with respect to the exchange rate between the Rupee and USD:

Currency	As at		
	March 31, 2024*	**March 31, 2023**	**March 31, 2022**
1 USD	83.37	82.22	75.81

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

* *Since March 31, 2024, was a Sunday, the exchange rate was considered as on March 28, 2024, being the last working day prior to March 31, 2024.*

Industry and Market Data

Unless stated otherwise, information pertaining to the industry in which our Company operates in and market data used in this Draft Red Herring Prospectus has been obtained or derived from the CRISIL MI&A Report and publicly available information as well as other industry publications and sources.

CRISIL MI&A is an independent agency which has no relationship with our Company, our Promoter, any of our Directors, KMPs, SMPs or the Book Running Lead Managers. The CRISIL MI&A Report has been commissioned and paid for by our Company pursuant to an engagement letter with CRISIL MI&A dated April 24, 2024, for the purposes of confirming our understanding of the industry in which our Company operates, exclusively in connection with the Offer. The CRISIL MI&A Report is available on the website of our Company at https://www.avanse.com/industryreport.

Disclaimer by CRISIL

"CRISIL Market Intelligence & Analytics (CRISIL 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. Avanse Financial Services Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL MI&A operates independently of, and does not have access to information obtained by CRISIL Ratings Limited, which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL MI&A and not of CRISIL Ratings Limited. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."

Although we believe that the industry and market data used in this Draft Red Herring Prospectus is reliable, the data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – We have referred to the data derived from industry reports commissioned and paid for by our Company from CRISIL Limited exclusively for the purpose of the Offer.*", on page 41. Accordingly, investment decision should not be based solely on such information.

In accordance with the SEBI ICDR Regulations, "*Basis for Offer Price*" on page 101 includes information relating to our peer group companies. Such information has been obtained from publicly available sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Accordingly, no investment decisions should be based on such information.

Notice to prospective investors in the United States

The Equity Shares of face value of ₹5 each have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus or approved or disapproved the Equity Shares of face value ₹5 each. 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 of face value of ₹5 each offered in the Offer 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 of face value of ₹5 each are being offered and sold (a) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs") pursuant to Section 4(a) of the U.S. Securities Act, and (b) outside of the United States in offshore transactions as defined in and 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 Draft Red Herring Prospectus as "QIBs".

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute "forward-looking statements". All statements regarding our expected financial condition and results of operations, business, plans and prospects are "forward-looking statements".

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

Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

(1) Our Erstwhile Promoters are subject to certain ongoing regulatory investigations by enforcement agencies including the Enforcement Directorate and the outcome of such investigations may adversely impact us and the Equity Shares of face value of ₹5 each held by our Promoter and the market price of our Equity Shares of face value ₹5 each;

(2) We require substantial capital for our business and any disruption in the cost and availability of capital, including our sources of financing, could have an adverse effect on our business, results of operations, financial condition and cash flows;

(3) We rely on counsellors, aggregators and direct selling agents for the origination of our loans. Any disruption, negligence, fraud or inefficiency in the services provided by counsellors and aggregators could adversely affect our business, results of operation, financial condition and cash flows;

(4) Our student loans – international business is largely concentrated in the United States, Canada and the United Kingdom. This exposes us to political and macro-economic risks in these geographies, which could adversely affect our business, results of operations and cash flows; and

(5) A substantial portion of loans provided under our student loans – international and education loans – domestic businesses are unsecured and susceptible to certain operational and credit risks which may have an adverse effect on our business, results of operations, financial condition and cash flows.

Certain information in "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations"* on pages 115, 174 and 348, respectively, of this Draft Red Herring Prospectus have been obtained from the report titled "Assessment of the Education Services and Education Loan Industry in India", dated June 2024 prepared by CRISIL MI&A , which has been commissioned by and paid for by our Company pursuant to an engagement letter with CRISIL MI&A dated April 24, 2024, exclusively for the purposes of the Offer. The CRISIL MI&A Report is available on the website of our Company at https://www.avanse.com/industryreport.

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 26, 115, 174 and 348, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

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

These statements are based on our management's belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based on are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. Given these uncertainties, Bidders 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, any of the Selling Shareholders, our Directors, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the requirements of SEBI ICDR Regulations, our Company shall ensure that Bidders in India are informed of material developments from the date of the Red Herring Prospectus in relation to the statements and undertakings made by it in this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for the Offer. Further, each Selling Shareholder shall, severally and not jointly, ensure that our Company is informed of material developments (solely to the extent of statements specifically made or confirmed by such Selling Shareholder in relation to its portion of Offered Shares in this Draft Red Herring Prospectus) from the date of filing of the Red Herring Prospectus with the RoC and the Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer. Further, only statements and undertakings which are specifically confirmed or undertaken by each Selling Shareholder in relation to itself and its respective portion of the Offered Shares, as the case may be, in this Draft Red Herring Prospectus shall be deemed to be statements and undertakings made by such Selling Shareholder as of the date of this Draft Red Herring Prospectus.

OFFER DOCUMENT SUMMARY

The following is a general summary of certain disclosures included in this Draft Red Herring Prospectus and is neither exhaustive, nor purports to contain a summary of all the disclosures in this Draft Red Herring Prospectus or the Red Herring Prospectus or the Prospectus when filed, or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including "Risk Factors", "The Offer", "Capital Structure", "Objects of the Offer", "Industry Overview", "Our Business", "Our Promoter and Promoter Group", "Restated Summary Statements", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Selected Statistical Information", "Outstanding Litigation and Material Developments", "Offer Procedure" and "Main Provisions of Articles of Association" on pages 26, 60, 75, 96, 115, 174, 228, 243, 348, 232, 376, 414 and 434, respectively.

Summary of the primary business of our Company

We are an education focused non-banking financial company operating in India, and offer a full stack education finance offering with products ranging from education loans for students to growth capital for education institutions through education infrastructure loans. Through our student-loans – international and our education loans – domestic businesses, we provide loans and other value-added services to Indian students and professionals who are admitted to study overseas or at domestic institutions. We also provide collateral-backed financing to private educational institutions in India.

Summary of the industry in which our Company operates

The overseas education market (expenditure incurred by students going abroad) in India has been experiencing significant growth in recent years and is estimated to have reached ₹5 trillion in calendar year 2023 (Source: *CRISIL MI&A Report*). This growth can be attributed to an increasing number of Indian students seeking international exposure, high-quality education and the rising cost of attendance. Moreover, growth in education loans AUM was led by higher disbursements, a unique underwriting model, well-defined sourcing channels and expertise of specialised NBFCs (Source: *CRISIL MI&A Report*).

Name of our Promoter

Olive Vine Investment Ltd is the promoter of our Company. For further details, see "*Our Promoter and Promoter Group*" on page 228.

Offer size

The details of the Offer are set out below:

Offer(1)(2)	Up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹35,000.00 million
of which:	
(i) Fresh Issue(1)	Up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹10,000.00 million
(ii) Offer for Sale(2)	Up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹25,000.00 million

(1) *The Offer including the Fresh Issue has been approved by our Board pursuant to the resolution passed at its meeting held on April 30, 2024 and June 19, 2024 and by our Shareholders pursuant to a special resolution passed at their meeting held on June 20, 2024.*

(2) *Our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated June 19, 2024. Further, each of the Selling Shareholders, severally and not jointly, has authorized its participation in the Offer for Sale in relation to its respective portion of the Offered Shares, as set out below:*

Sr. No	*Name of the Selling Shareholder*	*Aggregate proceeds from the Offered Shares*	*Number of Offered Shares*	*Date of board resolution/ authorization*	*Date of consent letter*
1.	*Olive Vine*	*Up to ₹17,580.00 million*	*Up to [●] Equity Shares of face value ₹5 each*	*June 3, 2024*	*June 12, 2024*
2.	*IFC*	*Up to ₹3,420.00 million*	*Up to [●] Equity Shares of face value ₹5 each*	*N.A.*	*June 19, 2024*
3.	*Kedaara Capital*	*Up to ₹4,000.00 million*	*Up to [●] Equity Shares of face value ₹5 each*	*May 22, 2024*	*June 13, 2024*

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

Objects of the Offer

The objects for which the Net Proceeds from the Offer shall be utilized are as follows:

Particulars	Amount (₹ in million)
Augmenting our capital base to meet our Company's future capital requirements arising out of growth of our business and assets (1)	Up to 10,000.00

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

For further details, see "*Objects of the Offer*" on page 96.

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

The aggregate pre-Offer shareholding of our Promoter (also the Promoter Selling Shareholder) and each of the Investor Selling Shareholders as a percentage of the pre-Offer paid-up Equity Share capital of our Company is set out below:

Sr. No.	Name	Number of Equity Shares of face value of ₹5 each as on the date of this Draft Red Herring Prospectus	Percentage of the pre-Offer paid-up Equity Share capital^ (%)
Promoter ***(also the Promoter Selling Shareholder)***			
1.	Olive Vine	149,394,074	58.38
Investor Selling Shareholders			
1.	IFC	29,081,784	11.36
2.	Kedaara Capital	35,377,880	13.82
Total		**213,853,738**	**83.56**

^ Calculated on the basis of total Equity Shares of face value of ₹5 each held and vested options under the ESOP Schemes, as on the date of this Draft Red Herring Prospectus.

As on date of this Draft Red Herring Prospectus, our Promoter does not have any natural persons or body corporates who are part of our Promoter Group.

Summary of Selected Financial Information

The summary details of our Equity Share capital, other equity, Net worth, total revenue from operations, net profit for the year, Earnings per Equity Share (Basic and diluted), Net Asset Value per Equity Share and total borrowings for the financial years ended March 31, 2024, 2023 and 2022 derived from the Restated Summary Statements are as follows:

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Equity Share capital	1,259.12	1,066.38	825.92
Other equity	35,508.05	20,430.84	9,270.72
Net worth(1)	36,767.17	21,497.22	10,096.64
Total revenue from operations	17,269.60	9,895.97	5,082.84
Net profit for the year	3,424.03	1,577.11	632.07
Earnings per Equity Share			
- Basic (₹)(2) (4)	15.40	8.66	3.83
- Diluted (₹)(3) (4)	15.05	8.50	3.78
Net Asset Value per Equity Share (₹)(5)	146.00	100.80	61.12
Total borrowings(6)	101,352.45	72,101.25	41,002.79

(1) 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, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

(2) Basic Earnings per Equity Share = Basic earnings per equity share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year, computed in accordance with Ind AS 33 -"Earnings per share".

(3) Diluted Earnings per Equity Share = Diluted earnings per equity share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares outstanding during the year, computed in accordance with Ind AS 33-"Earnings per share".

(4) Basic and diluted earnings per equity share for all years are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended). Pursuant to a resolution passed by our Board on April 4, 2024 and a resolution passed by the Shareholders on April 26, 2024, our Company has sub-divided 125,911,616 equity shares of face value of ₹10 each to 251,823,232 Equity Shares of face value of ₹5 each. The computation given above is after taking into account share sub-division.

(5) Net Asset Value per Equity Share = Total Equity divided by number of Equity Shares outstanding as at the end of year. Pursuant to a resolution passed by our Board on April 4, 2024, and a resolution passed by the Shareholders on April 26, 2024, our Company has sub-divided 125,911,616 equity shares of face value of ₹10 each to 251,823,232 Equity Shares of face value of ₹5 each. Computation for NAV for all years is after taking into account share sub-division as per the principles of Ind AS 33-"Earnings per share".

(6) Total Borrowings includes Debt securities, Borrowings (other than debt securities) and Subordinated liabilities.

For further details, see "*Other Financial Information*" on pages 342, respectively.

Summary of the Selected Statistical Information of our Company

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

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Term Loans (Gross)	125,208.55	84,636.37	47,900.19
Total revenue from operations	17,269.60	9,895.97	5,082.84
Net profit for the year	3,424.03	1,577.11	632.07
Total borrowings (1)	101,352.45	72,101.25	41,002.79
Total Revenue from operations on average Term Loans (gross) (%)(2)	16.21	14.57	13.57

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Cost to income ratio (%)[3]	36.84	42.74	55.45

(1) *Total borrowings includes debt securities, Borrowings (other than debt securities) and Subordinated liabilities*

(2) *Average Term Loans (Gross) represents the quarterly average of our Term Loans (Gross) as of the last day of the current year quarters and our Term Loans (Gross) of the last day of the previous year.*

(3) *Cost to income ratio represents the ratio of total expenses, which include an aggregate of employee benefits expense, depreciation and amortization expense, other expenses divided by the total income less finance cost for the relevant year, expressed as a percentage.*

Key Regulatory Financial and Operational Ratios

The table below sets out some key financial and operational ratios of our Company which are considered for regulatory limits, as stipulated by the RBI:

Particulars	As of March 31,		
	2024	2023	2022
	(percentages)		
CRAR (%)[(1)*]	27.52	24.86	22.96
CRAR Tier 1 Capital (%)[(2)*]	26.94	24.35	21.61
Minimum Regulatory Requirement – CRAR (%)	15.00	15.00	15.00
Minimum Regulatory Requirement - CRAR Tier 1 Capital (%)	10.00	10.00	10.00

** On a standalone basis.*

Notes:

(1) *Capital-to-risk weighted assets ratio (CRAR) is computed by dividing our Tier I and Tier II capital by risk weighted assets (Computed in accordance with the relevant RBI guidelines).*

(2)*Tier I capital comprises share capital, share premium, retained earnings including current year profit. Tier II capital comprises provision on stage I loan assets and subordinated liability. Risk weighted assets represent the weighted sum of our credit exposures based on their risk (Computed in accordance with the relevant RBI guidelines).*

Particulars	As of March 31,		
	2024	2023	2022
	(percentages)		
Liquidity Coverage Ratio (%)	359.98	149.68	104.19
Minimum Regulatory Requirement (%)	85.00	60.00	50.00

*Note: Liquidity Coverage Ratio ("**LCR**")(standalone)– ratio of stock of high quality liquid assets over total net cash outflows over the next 30 calendar days*

Particulars	As of March 31,		
	2024	2023	2022
	(percentages)		
Financial Assets to Total Assets (%) (PBC)	88.89	87.55	86.89
Minimum Regulatory Requirement(%)	>50.00	>50.00	>50.00
Income from financial assets to Total Income(%) (PBC)	87.47	96.43	99.95
Minimum Regulatory Requirement(%)	>50.00	>50.00	>50.00

*Note: Principal Business Criteria ("**PBC**") Ratio(standalone) – ratio of financial assets to total assets (netted off by intangible assets) and income from financial assets to the gross income (asset and income pattern)*

Particulars	As of March 31,		
	2024	2023	2022
	(percentages)		
Cumulative mismatch as % of cumulative total outflows upto 30 days	149.30	38.99	266.59
Cumulative negative mismatch as % of cumulative total outflows upto 30 days (minimum regulatory requirement)	(20.00)	(20.00)	(20.00)

Note: ALM (Assets Liability Maturity) (standalone) – For measuring and managing net funding requirements, the use of a maturity buckets and calculation of cumulative surplus or deficit of funds at selected maturity dates is prepared as a standard tool. The Maturity Profile should be used for measuring the future cash flows of NBFCs in different time buckets. Further, within each time bucket, there could be mismatches depending on cash inflows and outflows. While the mismatches up to one year would be relevant since these provide early warning signals of impending liquidity problems, the main focus shall be on the short-term mismatches, viz., 1-30/ 31 days. The net cumulative negative mismatches upto 30 days bucket shall not exceed 20 percent of the cumulative cash outflows.

Auditor's qualifications which have not been given effect to in the Restated Summary Statements

There are no qualifications of Predecessor Statutory Auditor which have not been given effect to in the Restated Summary Statements.

Summary table of outstanding litigations

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

Category of individuals / entities	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Disciplinary actions by SEBI or Stock Exchanges against our Promoter in the last five years, including outstanding action	Material civil litigation	Aggregate amount involved (₹ in million)[(1)(2)]
Company						
By the Company	2,930	4	Nil	N.A.	18	3,504.43
Against the Company	3	5	Nil	N.A.	5	219.30
Directors						
By the Directors	Nil	Nil	Nil	N.A.	Nil	Nil
Against the Directors	2	2	Nil	N.A.	Nil	18.59
Promoter						
By our Promoter	Nil	Nil	Nil	N.A.	Nil	Nil
Against our Promoter	Nil	Nil	Nil	Nil	Nil	Nil
Subsidiary						
By our Subsidiary	Nil	Nil	Nil	N.A.	Nil	Nil
Against our Subsidiary	Nil	Nil	Nil	N.A.	Nil	Nil

(1) *To the extent ascertainable and quantifiable.*
(2) *The aggregate amount involved is as on June 30, 2024.*
(3) *In instances where there are multiple legal proceedings involving the same subject matter, the amounts presented reflect the monetary impact of such subject matter as a whole and have not been counted against each proceeding to avoid duplication.*

As on the date of this Draft Red Herring Prospectus, our Company does not have any group company.

For further details of the outstanding litigation proceedings, see "*Outstanding Litigation and Material Developments*" on page 376.

Risk Factors

Specific attention of the investors is invited to the risks applicable to us, see "*Risk Factors*" on page 26. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer.

Summary table of contingent liabilities

The following is a summary table of our contingent liabilities as of March 31, 2024, as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets:

(₹ in million)

Particulars	As at March 31, 2024
Income Tax matters: Appeals filed by the Company	31.68

For further details of our contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets as at March 31, 2024, see "*Restated Summary Statements – Note 30: Contingent Liabilities and Commitments*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 304 and 348, respectively.

Summary of related party transactions

The details of related party transactions of our Company for the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022, as per Ind AS 24 – Related Party Disclosures read with SEBI ICDR Regulations, derived from Restated Summary Statements are set forth in the table below:

(₹ in million)

Particulars	For the Financial Year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Preference Share Capital issued during the period			
Olive Vine Investment Ltd (Holding Company)	-	3,120.00	-
Key Management Personnel (KMP) Remuneration			
Short-term employee benefits[(3)]	79.30	54.79	46.98
Share-based payment:			
Equity shares issued pursuant to stock option scheme	49.69	-	-
Director's Commission			
Neeraj Swaroop	2.18	2.18	2.18
Vijayalakshmi Iyer	1.09	1.09	1.09
Savita Mahajan	1.09	1.09	1.09
Ravi Venkatraman	1.09	1.09	0.82
Sitting Fees			
Neeraj Swaroop	0.92	0.97	0.66
Vijayalakshmi Iyer	0.92	0.77	0.75
Savita Mahajan	0.83	0.65	0.55
Ravi Venkatraman	0.92	0.97	0.67

Notes:

(1) *The transactions disclosed above are inclusive of 9% GST, wherever applicable.*
(2) *The CCPS issued during the Financial Year 2023 were subsequently converted to equity shares of face value of ₹10 each on January 19, 2023.*
(3) *Provisions for gratuity, compensated absences and other long term service benefits are made for our Company as a whole and the amounts pertaining to the key management personnel are not specifically identified and hence are not included above.*

The details of the transactions eliminated on consolidation for the Financial Years disclosed as per the SEBI ICDR Regulations, are set out below:

(₹ in million)

Particulars	For the Financial Year ended	
	March 31, 2024	**March 31, 2023**
Investment in equity shares of Avanse Global Finance IFSC Private Limited (Subsidiary)	267.38	0.10
Common support cost recovery from Avanse Global Finance IFSC Private Limited (Subsidiary)	2.55	-

For further details, see "*Other Financial Information – Related Party Transactions*" on page 347.

Financing Arrangements

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

Further, as on date of this Draft Red Herring Prospectus, our Promoter does not have any natural persons or body corporates who are part of our Promoter Group.

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

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

Name	Number of specified securities in the preceding one year from the date of this Draft Red Herring Prospectus	Face value of specified securities (in ₹)	Weighted average price per specified security*(in ₹)
Promoter *(also the Promoter Selling Shareholder)*			
Olive Vine	Nil	NA	NA
Investor Selling Shareholders			
IFC	Nil	NA	NA
Kedaara Capital	Nil	NA	NA

***** *As certified by V. C. Shah & Co., Chartered Accountants, by way of certificate dated July 31, 2024.*

Average cost of acquisition of Equity Shares of face value of ₹5 each of our Promoter (also the Promoter Selling Shareholder) and each of the Selling Shareholders

The weighted average cost of acquisition per Equity Share of face value of ₹5 acquired by our Promoter (also the Promoter Selling Shareholder) and each of the Investor Selling Shareholders as on the date of this Draft Red Herring Prospectus is as follows:

Name	Number of Equity Shares of face value of ₹5 each held as on the date of this Draft Red Herring Prospectus^	Weighted average cost of acquisition per Equity Share of face value of ₹5*
Promoter *(also the Promoter Selling Shareholder)*		
Olive Vine$^	149,394,074	88.11
Investor Selling Shareholders		
IFC$^	29,081,784	79.23
Kedaara Capital	35,377,880	226.13

* *As certified by V. C. Shah & Co., Chartered Accountants, by way of certificate dated July 31, 2024.*
^ *Pursuant to a resolution passed by our Board on April 4, 2024, and a resolution passed by the Shareholders on April 26, 2024, our Company has sub-divided 125,911,616 equity shares of face value of ₹10 each to 251,823,232 Equity Shares of face value of ₹5 each.*
$ *16,951,916 CCPS and 4,237,979 CCPS allotted to Olive Vine and IFC, respectively, on September 16, 2022 were converted into 8,623,549 and 2,155,887 equity shares of face value of ₹10 each, respectively, on January 19, 2023.*

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

Except as stated below, there have been no specified securities that were acquired in the last three years preceding the date of this Draft Red Herring Prospectus, by the Promoter, each of the Selling Shareholders and Shareholders with special rights in our Company. Further, as on date of this Draft Red Herring Prospectus, our Promoter does not have any natural persons or body corporates who are part of our Promoter Group.

(a) ***Equity Shares***

The details of the price at which the acquisition of Equity Shares of face value of ₹5 each were undertaken in the last three years preceding the date of this Draft Red Herring Prospectus are stated below:

Sr. No.	Name of acquirer/Shareholder	Date of acquisition of the Equity Shares of face value ₹5 each	Number of Equity Shares of face value of ₹5 each acquired in last three years	Face value per Equity Share (in ₹)(2)	Acquisition price per Equity Share* (in ₹)
Promoter (also the Promoter Selling Shareholder)					
1.	Olive Vine(1)	January 19, 2023	17,247,098	5	NA(3)
Investor Selling Shareholders					
2.	IFC(1)	January 19, 2023	4,311,774	5	NA(3)
3.	Kedaara Capital	January 19, 2023	26,533,410	5	226.13
		May 24, 2023	8,844,470	5	226.13
Other Shareholders with special rights					
4.	Kedaara Pichola	June 30, 2023	80,288	5	226.13
		June 30, 2023	19,224	5	226.13
		June 30, 2023	16,738	5	226.13
		June 30, 2023	5,966	5	226.13
		June 30, 2023	3,750	5	226.13
		June 30, 2023	6,628	5	226.13
		June 30, 2023	2,020	5	226.13
		June 30, 2023	2,358	5	226.13
		July 3, 2023	4,104	5	226.13
		July 4, 2023	36,434	5	226.13
		July 4, 2023	31,856	5	226.13
		July 4, 2023	50,000	5	226.13
		July 5, 2023	8,266,736	5	226.13
		July 5, 2023	18,962	5	226.13
		July 5, 2023	14,378	5	226.13
		July 6 2023	653,760	5	226.13
5.	Avendus Future	March 22, 2024	2,875,630	5	347.75
6.	Alpha	March 22, 2024	25,880,662	5	347.75

Notes:

(1) 16,951,916 CCPS and 4,237,979 CCPS allotted to Olive Vine and IFC, respectively, on September 16, 2022 were converted into 8,623,549 and 2,155,887 equity shares of face value of ₹10 each, respectively, on January 19, 2023.

(2) Pursuant to a resolution passed by our Board on April 4, 2024, and a resolution passed by the Shareholders on April 26, 2024, our Company has sub-divided 125,911,616 equity shares of face value of ₹10 each to 251,823,232 Equity Shares of face value of ₹5 each.

(3) The price per Equity Share upon conversion derived by (total number of CCPS held at face value of ₹10) x (cost price per CCPS) divided by (total number of Equity Shares face value of ₹10 derived upon conversion of the CCPS), is ₹180.90 for International Finance Corporation and Olive Vine Investment Ltd.

* *As certified by V. C. Shah & Co., Chartered Accountants, by way of certificate dated July 31, 2024.*

(b) ***CCPS***

The details of the price at which the acquisition of CCPS were undertaken in the last three years preceding the date of this Draft Red Herring Prospectus are stated below:

Sr. No.	Name of acquirer/Shareholder	Date of acquisition of the CCPS	Number of CCPS acquired in last three years	Face value per CCPS (in ₹)	Acquisition price per CCPS* (in ₹)
Promoter (also the Promoter Selling Shareholder)					
1.	Olive Vine(1)	September 16, 2022	16,951,916	10	184.05
Investor Selling Shareholders					
2.	IFC(1)	September 16, 2022	4,237,979	10	184.05
Shareholders with special rights					
3.	Nil	Nil	Nil	Nil	Nil

(1) 16,951,916 CCPS and 4,237,979 CCPS allotted to Olive Vine and IFC, respectively, on September 16, 2022 were converted into 8,623,549 and 2,155,887 equity shares of face value of ₹10 each, respectively, on January 19, 2023.

* *As certified by V. C. Shah & Co., Chartered Accountants, by way of certificate dated July 31, 2024.*

Weighted average cost of acquisition of shares transacted in one year, eighteen months and three years preceding the date of this Draft Red Herring 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: lowest price – highest price (in ₹)*&
Last one year preceding the date of this Draft Red Herring Prospectus	347.75	[●]	347.75 - 347.75
Last 18 months preceding the date of this Draft Red Herring Prospectus	296.42	[●]	76.00 - 347.75
Last three years preceding the date of this Draft Red Herring Prospectus	250.98	[●]	76.00 - 347.75

* *As certified by V. C. Shah & Co., Chartered Accountants by way of their certificate dated July 31, 2024.*
^ *To be updated upon finalisation of the Price Band.*
& *Pursuant to a resolution passed by our Board on April 4, 2024, and a resolution passed by the Shareholders on April 26, 2024, our Company has sub-divided 125,911,616 equity shares of face value of ₹10 each to 251,823,232 Equity Shares of face value of ₹5 each.*

Details of the pre-IPO placement

Our Company is not contemplating any fresh issuance of Equity Shares of face value of ₹5 each through Pre-IPO placement till listing of the Equity Shares pursuant to the Offer.

Issuance of Equity Shares of face value of ₹5 each in the last one year for consideration other than cash

Our Company has not issued any equity shares for consideration other than cash in the last one year preceding the date of this Draft Red Herring Prospectus.

Any split/consolidation of Equity Shares of face value of ₹5 each in the last one year

Pursuant to a resolution passed by our Board on April 4, 2024, and a resolution passed by the Shareholders on April 26, 2024, each equity share of face value of ₹10 each has been split into two Equity Shares of face value of ₹5 each. Accordingly, the issued, subscribed and paid-up capital of our Company was sub-divided from 125,911,616 equity shares of face value of ₹10 each to 251,823,232 Equity Shares of face value of ₹5 each. For further details, see "*Capital Structure – Notes to the Capital Structure*" on page 75.

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

As on the date of this Draft Red Herring Prospectus, our Company had not obtained any exemption from the SEBI from strict compliance with any provisions of securities laws from SEBI.

SECTION II: RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares and the industry in which we currently operate or propose to operate in India. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our businesses, results of operations, financial condition and cash flows. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our business, results of operations, financial condition and cash flows could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. To obtain a complete understanding of our business and operations, prospective investors should read this section in conjunction with "Industry Overview", "Our Business", "Selected Statistical Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Key Regulations and Policies in India" and "Government and Other Approvals" on pages 115, 174, 232, 348, 192 and 384, respectively, as well as the financial, statistical and other information contained in this Draft Red Herring Prospectus.

In making an investment decision, prospective investors must rely on their own examination of our business and operations and the terms of the Offer, including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context otherwise requires, in this section, references to "the Company", or "our Company" refer to Avanse Financial Services Limited on a standalone basis till Financial Year 2022 while "we", "us" and "our" refer to Avanse Financial Services Limited and its Subsidiary, on a consolidated basis from Financial Year 2023.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. See "Forward-Looking Statements" on page 17.

*Unless otherwise indicated, industry and market related data used in this section have been derived from the report titled "Assessment of the Education Services and Education Loan Industry in India" dated June 2024 (the "**CRISIL MI&A Report**"), prepared and released by CRISIL Market Intelligence & Analytics, a division of CRISIL Limited ("**CRISIL MI&A**"), which has been exclusively paid and commissioned for by our Company pursuant to an engagement letter dated April 24, 2024, for the purpose of confirming our understanding of the industry we operate in, in connection with the Offer. The CRISIL MI&A Report will be made available on the website of our Company at www.avanse.com/industryreport from the date of this Draft Red Herring Prospectus until the Bid/Offer Closing Date. The data included herein includes excerpts from the CRISIL MI&A 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.*

INTERNAL RISK FACTORS

1. ***Our Erstwhile Promoters are subject to certain ongoing regulatory investigations by enforcement agencies including the Enforcement Directorate and the outcome of such investigations may adversely impact us and the Equity Shares of face value of ₹5 each held by our Promoter and the market price of our Equity Shares.***

   On July 30, 2019, Dewan Housing Finance Corporation Limited, Wadhawan Global Capital Limited, Wadhawan Holdings Private Limited, Infill Retail Ventures Private Limited, Kapil Wadhawan, Dheeraj Wadhawan, Wadhawan Consolidated Holdings Private Limited, (collectively the "**Erstwhile Promoters**"), P.K. Kumar, Vijay Tambe, Mohit Chaturvedi and Prahalad Kulkarni (along with "**Erstwhile Promoters**" the "**Erstwhile Promoter Group**") transferred their entire shareholding of 50,284,014 equity shares of face value ₹10 each, constituting 80.00% of the then existing share capital of our Company, to our Promoter. As a result of the aforesaid transfer, the Erstwhile Promoters ceased to be the promoters of our Company and Olive Vine became the promoter of our Company. For details in relation to the transfer, see "*Capital Structure – History of the Share capital held by our Promoter*" on page 81.

   Based on media reports, we understand that the Erstwhile Promoters are subject to various ongoing regulatory investigations by enforcement agencies including investigation by the Enforcement Directorate under the Prevention of Money Laundering Act, 2002, pertaining to the Erstwhile Promoters' other business ventures.

   We have not received any notice or intimation from the enforcement directorate or any other law enforcement agency in connection with the above matters. While we and our Promoter are not a party to any proceedings in relation to the aforementioned matter, we cannot assure you that any proceedings in this regard will not adversely impact our Company or our Promoter including adverse actions against Equity Shares of face value of ₹5 each held by our Promoter or will not have an impact on the market price of our Equity Shares.

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

and cash flows.

Our business depends on our ability to raise equity and debt capital from external sources on acceptable terms and in a timely manner. Our financing requirements have historically been met from several sources, including from proceeds of term loans, commercial paper and non-convertible debentures (secured and unsecured), external commercial borrowing and securitisation transactions.

The table below sets out details of our total borrowings at amortized cost as of March 31, 2024, March 31, 2023 and March 31, 2022.

Particulars	**As of March 31,**					
	2024		**2023**		**2022**	
	Amount	**% of Total Borrowings**	**Amount**	**% of Total Borrowings**	**Amount**	**% of Total Borrowings**
	(₹ million, except percentages)					
Debt Securities						
Non-convertible Debentures (Secured)	30,534.36	30.13	28,238.75	39.17	11,305.10	27.58
Commercial Paper (Unsecured)	—	—	—	—	247.85	0.60
Debt Securities (A)	**30,534.36**	**30.13**	**28,238.75**	**39.17**	**11,552.95**	**28.18**
Borrowings (other than Debt Securities):						
Term loans:						
- From Banks	57,336.93	56.57	37,214.15	51.61	21,091.64	51.45
- From Financial Institutions	1,877.58	1.85	1,508.30	2.09	1,394.92	3.40
External Commercial Borrowing (ECB)	9,297.19	9.17	1,089.17	1.51	1,100.53	2.68
Cash Credit from Banks	162.87	0.16	—	—	200.00	0.49
Securitisation Liabilities	1,638.77	1.62	3,280.15	4.55	4,893.25	11.93
Borrowings (other than Debt Securities) (B)	**70,313.34**	**69.37**	**43,091.77**	**59.76**	**28,680.34**	**69.94**
Subordinated Liabilities (Unsecured) (C)	504.75	0.50	770.73	1.07	769.50	1.88
Total Borrowings (A+B+C)	**101,352.45**	**100.00**	**72,101.25**	**100.00**	**41,002.79**	**100.00**
Average cost of Borrowings (%)	—	9.72	—	8.90	—	8.76

For additional details, see "*Selected Statistical Information – Sources of Borrowing*" and *"Our Business – Our Strengths – Well diversified liability profile with a prudent approach to asset liability management"* on pages 235 and 180, respectively.

Our non-convertible debentures are listed on the debt segment of the BSE ("**Listed NCDs**") and any downgrade in our credit ratings could increase borrowing costs. See also "*—Any downgrade in our credit ratings in the future may increase interest rates for refinancing our borrowings, which would increase our cost of borrowings, and adversely affect our ability to borrow on a competitive basis*" on page 36. The table below sets out our credit ratings as of March 31, 2024, March 31, 2023 and March 31, 2022:

Rating Agency	**Instrument**	**March 31, 2024**	**March 31, 2023**	**March 31, 2022**
CARE Ratings Limited	Long term bank facilities	CARE AA-/ Stable	CARE A+ / Positive	CARE A+ / Stable
	Market Linked Debentures	CARE PP-MLD AA- / Stable	CARE PP-MLD A+ / Positive	-
	Non-Convertible Debentures (including subordinated debt)	CARE AA-/ Stable	CARE A+ / Positive	CARE A+ / Stable
	Commercial paper (standalone)	CARE A1+	CARE A1+	CARE A1+
Brickwork Ratings	Secured non-convertible debentures	BWR AA-/Stable	BWR A+/Positive	BWR A+/ Stable
	Unsecured subordinated debt			
ICRA Limited	Commercial Paper	ICRA A1+	-	-

Our ability to raise funds in a timely manner on acceptable terms, or at all, depends on several factors including, our current and future results of operations, our risk management policies, our credit ratings, our brand equity, the regulatory environment and policy initiatives in India, including the monetary policy prescribed by the RBI, and developments in the international markets affecting the Indian economy, among others. While we have not faced any instances of delays in repayment of our outstanding borrowings in the last three Financial Years, we cannot assure you that our business will continue to generate sufficient cash flows to enable us to service our existing and future borrowings or to fund our other liquidity needs. Any inability to raise capital could have an adverse effect on our business, results of operation, financial condition and cash flows.

Further, the financing arrangements entered into by us include material conditions / covenants that require us to obtain lender consents prior to carrying out, inter alia, the following activities in relation to the Offer:

(a) Change in capital structure or shareholding pattern or ownership of our Company;
(b) Change in the management or management set up of our Company;
(c) Creation of further charge or any other encumbrance on the security provided for our borrowings;
(d) Change, diversification or expansion in business activities;
(e) Changes in special rights held by the Shareholders;
(f) Change in practice of remuneration of Directors;
(g) Appointment of other banks (apart from the existing lenders) in relation to capital market transactions;
(h) Amendment or modification of constitutional documents of our Company;
(i) Formulation of scheme of merger, consolidation, reorganisation, reconstruction, compromise or amalgamation; and
(j) Dilution or transfer of promoter shareholding and non-maintenance of shareholding of promoters/ directors at the prescribed threshold.

For further details on the aggregate borrowings of our Company along with principal terms and material covenants of our outstanding borrowings, see "*Financial Indebtedness*" on page 372. We do not expect a breach of any such material terms or covenants under our loan documents as a result of the Offer.

3. We rely on counsellors, aggregators and direct selling agents for the origination of our loans. Any disruption, negligence, fraud or inefficiency in the services provided by counsellors and aggregators could adversely affect our business, results of operation, financial condition and cash flows.

We operate on a pan-India basis and have a multi-channel distribution strategy across our student loans – international, educational institution loans and education loan – domestic businesses. Our distribution network comprises our in-house sales team, counsellors and aggregators (agents specializing in education loans) and direct selling agents. The table below sets out the number of our counsellors and aggregators, direct selling agents and in-house sales team members as of March 31, 2024, 2023 and 2022:

Particulars	As of March 31,		
	2024	2023	2022
Number of active counsellors and aggregators	320	255	190
Number of active direct selling agents	452	386	270
Number of active loan service providers	9	13	9
In-house sales team members	215	183	158

The table below sets out details of disbursements from counsellors and aggregators, direct selling agents, in-house sales team and direct acquisition channels as of March 31, 2024, 2023 and 2022.

Particulars	As of March 31,					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
	(₹ million, except %)					
Counsellors and aggregators	23,709.46	37.43	19,145.80	31.18	9,281.10	31.69
Direct selling agents	25,201.74	39.78	17,898.88	29.14	7,108.58	24.27
Direct Acquisition Channel	11,187.36	17.66	8,450.90	13.76	4,315.94	14.74
Loan Service Provider	3,251.47	5.13	15,920.73	25.92	8,579.26	29.30
Total	**63,350.03**	**100.00**	**61,416.31**	**100.00**	**29,284.88**	**100.00**

Education counsellors play an important role in the overseas education journey of a student and our relationships with a large network of education counsellors provide us with a competitive advantage in the student loans sector. Our arrangements with counsellors and aggregators are on a non-exclusive basis. This exposes us to the risk that the counsellors and aggregators and direct selling agents we engage may work for our competitors, which may adversely affect our ability to increase our borrower base. Furthermore, we cannot assure you that we will be successful in continuing to receive uninterrupted services from counsellors and aggregators and direct selling agents, and any breakdown in our relationship or disruption, negligence, fraud or inefficiency in the services provided by counsellors and aggregators and direct selling agents could adversely affect our business, results of operation, financial condition and cash flows.

4. Our student loans – international business is largely concentrated in the United States, Canada and the United Kingdom. This exposes us to political and macro-economic risks in these geographies, which could adversely affect our business, results of operations and cash flows.

Our student loans – international business is largely concentrated in the United States, Canada and the United Kingdom, which together, constituted ₹99,119.93 million and 95.18% of the AUM of our student loan – international AUM business as of March 31, 2024.

The table below sets out the AUM for our student loans – international business on a country-wise basis, as of March 31, 2024, 2023 and 2022:

Geography	As of March 31,					
	2024		2023		2022	
	Amount (₹ million)	% contribution to AUM	Amount (₹ million)	% contribution to AUM	Amount (₹ million)	% contribution to AUM
United States	59,022.99	56.67	31,850.49	54.64	14,512.60	53.02
United Kingdom	23,790.39	22.85	11,600.04	19.90	3,265.41	11.93
Canada	16,306.55	15.66	11,611.10	19.92	6,912.97	25.26
Others[#]	5,016.76	4.82	3,233.42	5.54	2,678.72	9.79
Total	**104,136.69**	**100.00**	**58,295.05**	**100.00**	**27,369.70**	**100.00**

[#] *Includes countries such as Australia, Germany, Ireland and New Zealand, among others.*

The above markets may perform differently from and may be subject to market conditions that are different from, the higher education markets for overseas students in other countries. Consequently, any significant social, political or economic disruptions in the United States, United Kingdom or Canada (including any change in foreign policy or student visa norms), natural calamities, civil disruptions or change in governments in these countries, or India's relations with these countries, could disrupt our business and operations, require us to incur significant expenditure and change our business strategies. The occurrence of, or our inability to effectively respond to any such event, could have an adverse effect on our business, results of operations and cash flows.

5. A substantial portion of loans provided under our student loans – international and education loans – domestic businesses are unsecured and susceptible to certain operational and credit risks which may have an adverse effect on our business, results of operations, financial condition and cash flows.

A substantial portion of loans provided under our student loans – international business and education loans – domestic business are unsecured and susceptible to certain operational and credit risks. As of March 31, 2024, we have provided loans to 35,802 students attending universities in 41 countries, and the AUM for our student loan – international businesses amounted to ₹104,136.69 million, accounting for 78.28% of our AUM. The table below sets out details of our unsecured and secured gross loan book as of March 31, 2024, 2023 and 2022:

Particulars	As of March 31,					
	2024		2023		2022	
	Amount (₹ million)	Percentage of term loans (gross) (%)	Amount (₹ million)	Percentage of term loans (gross) (%)	Amount (₹ million)	Percentage of term loans (gross) (%)
Term Loans (Gross):						
Secured by tangible assets (I)	24,393.51	19.48	18,214.88	21.52	15,495.17	32.35
Secured by accounts receivables, fixed deposits, insurance policy, government guarantee, etc. (II)	7,867.07	6.28	5,142.85	6.08	2,805.02	5.85
Unsecured (III)	92,947.97	74.24	61,278.64	72.40	29,600.00	61.80
Term loans (gross): (IV = I + II + III)	**125,208.55**	**100.00**	**84,636.37**	**100.00**	**47,900.19**	**100.00**

We have a student-centric approach to our student loans – international business. We evaluate student profiles on 20 parameters, including past academic performance, entrance test scores, ranking of university and course admitted to and income potential, among other factors. These underwriting parameters help us in understanding future income prospects of students in a better manner. Our solutions also enable students to benefit from flexible repayment options during their study period, ensuring that they are not burdened with principal repayment during their academic journey. This exposes us to the risk of non-recovery of our loans in a timely manner, or at all. If our student loans – international were to default at rates much higher than anticipated or earlier than anticipated, our business, results of operations, financial condition and cash flows could be adversely affected.

6. We are subject to periodic inspections by the Reserve Bank of India. Non-compliance with observations made by the Reserve Bank of India during any such inspections could expose us to penalties and restrictions. Any imposition of penalty or adverse findings by the Reserve Bank of India during any future inspections or otherwise may have an adverse effect on our reputation, business, results of operations, financial condition, and cash flows.

We are subject to periodic inspections by the RBI, of our balance sheet, financials and other records, including details of disbursements, non-performing assets, grievance redressal mechanism, and branches, among others, for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the authorities. During the course of finalizing inspections, the RBI inspection team shares its findings and recommendations with us and provides us an opportunity to provide clarifications, additional information and, where necessary, justification for a different position, if any, than that observed by the RBI. Upon final determination by the RBI of the inspection results, we may be required to take actions specified therein by the RBI to its satisfaction.

In its past inspections reports for Financial Years 2023 and 2022, the RBI had made some observations and had sought certain clarifications in relation to our operations, including the following: (i) lack of periodic review of outsourcing strategies and arrangements by the Information Technology Strategy Committee; (ii) lack of review of policies such as the expected credit loss ("**ECL**") framework and certain product loan policies by our chief risk officer; (iii) no identified framework to evaluate the risk and materiality of all existing and prospective outsourcing arrangements; (iv) lack of regular audits of outsourced partners; (v) deliberation on projection of increase in cost of funds was not evidenced; (vi) high attrition with respect to our KMPs and senior management personnel, and the Board not being able to ascertain the underlying cause behind such resignations; (vii) vacancies for Chief Financial Officer and Chief Technology Officer which were filled in by other senior management personnel; (viii) lack of systems to check regulatory compliances and inadequacy in regulatory disclosures; and (ix) instance of fraud by a student by borrowing loans three times from three different locations.

Also, see "- *We are dependent on a number of our Key Managerial Personnel and our Senior Management, and the loss of, or our inability to attract or retain such persons could adversely affect our business, results of operations, financial condition and cash flows.*" "- *We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, agents, borrowers or third parties, which could harm our reputation, business, financial condition, results of operations and cash flows*" on pages 45 and 39. While the RBI has not levied any penalty or taken any enforcement action for the above non-compliances and we have provided necessary clarifications or undertaken to ensure compliance with the above observations, we cannot assure that such steps will be satisfactory and that the RBI will not have further observations in the future or will not impose any penalties for non-compliances. Further, we cannot assure you that the RBI will not make similar or other observations in the future. Imposition of any such findings, notices or penalty by the RBI during any future inspection may have an adverse effect on our reputation, business, results of operation, financial condition and cash flows. In the event that we are unable to comply with any observations made by the RBI or comply with its policies, circulars and directions, we could be subject to penalties and restrictions which may be imposed by the RBI including restricting our business activities, penalizing our management, and enforcing increased scrutiny and control over our business operations (including by way of withholding approvals, or issuing conditional approvals). Any imposition of penalty or adverse findings by the RBI during any future inspections or otherwise may have an adverse effect on our reputation, business, results of operations, financial condition, and cash flows.

7. ***Our business has grown rapidly and we may not be able to sustain our historical growth rates and asset quality metrics in the future. Any inability to manage our growth, asset quality and expansion efforts effectively and execute our growth strategy in a timely manner, or within budget estimates, could have an adverse effect on our business, results of operations, financial condition and cash flows*.**

Since the commencement of our operations, our business has experienced significant growth. The table below sets out certain metrics outlining our growth during the Financial Years 2024, 2023 and 2022:

Particulars	As of and for the year ended March 31,		
	2024	2023	2022
	(₹ million)		
AUM[(1)]	1,33,030.47	86,460.68	48,356.09
Disbursements[(2)]	63,350.03	61,416.31	29,284.88
Total income[(3)]	17,288.06	9,902.29	5,085.41
Net profit for the year	3,424.03	1,577.11	632.07

(1) *AUM represents the aggregate of principal outstanding of loan originated by our Company (including assignees' share of loan portfolio transferred under direct assignment and/ or co-lending transactions) and loan portfolio purchased under direct assignment, as on last day of the relevant year*
(2) *Disbursements represents the aggregate of all loan amounts disbursed to our customers in the relevant year.*
(3) *Total Income represents sum of total revenue from operations and other income for the relevant year.*

Our net profit for the year increased to ₹3,424.03 million for the Financial Year 2024 from ₹1,577.11 million for the Financial Year 2023. This was primarily due to increases in our interest income on account of an increase in our average loan book, commensurate with growth in our business volume, a marginal increase in average yield and gains associated with the higher deployment of funds on account of an increase in liquidity commensurate with growth of our business, which was partially offset by increases in (i) our finance costs associated with increases in our average borrowings and debt securities to support such loan disbursements; (ii) employee benefits expense on account of an increase in the number of our employees and annual increments; and (iii) other expenses associated with the growth of our business. Further, our net profit for the year increased to ₹1,577.11 million for the Financial Year 2023 from ₹632.07 million for the Financial Year 2022. This was due to similar reasons as the increase from Financial Year 2023 to Financial Year 2024, with our interest income increasing due to increases in our average loan book, marginal increases in average yield and gains associated with the deployment of funds on account of increase in liquidity. These increases were similarly offset by increases in our finance costs, employee benefits expense and other expenses. In addition to these expenses, we also experienced increases in impairment on financial instruments during the Financial Year 2023. For further details of the specific changes in our income and expenses that contributed to our net profit for the year during the Financial Years 2024, 2023 and 2022, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Our Results of Operations*" on page 362.

As a result of our significant growth and the nature of our business model, as of March 31, 2024, for 73.52% of our AUM, while the borrowers pay interest in whole or in part, repayment of the principal outstanding loan amount is yet to commence. Any change in asset quality of such loans in the future could adversely affect our business, results of operations, financial condition and cash flows.

Furthermore, our historical performance is not indicative of our future growth or financial performance. As we continue to scale our operations, we intend to leverage our growing student borrower base which will lead to strengthening and expanding our coverage of universities and courses across our geographies. This would require us to incur additional expenses that may not yield desired results or incur costs that we may not be able to recover. Any inability to manage our growth and expansion efforts effectively and execute our growth strategy in a timely manner, or within budget estimates, could have an adverse effect on our business, results of operations, financial condition and cash flows.

8. ***Any deterioration in the credit quality of our loans could adversely affect our business, results of operations, financial condition and cash flows.***

Delinquencies are an important indicator of the credit quality of our loan book, and several factors can have an impact on borrower delinquencies such as economic conditions (including inflationary or recessionary environments and pandemics such as the COVID-19 pandemic, immigration regulation changes, personal circumstances and hardships, among others. Our ability to manage the credit quality of our loans, which we measure through non-performing assets ("**NPAs**") and overdue loans, is a key driver of our results of operations. We classify NPAs in accordance with the 'NBFC Scale Based Regulations' of the RBI and the requirements of Ind – AS 109 – "Financial Instruments". Defaults by our borrowers for a period of more than 90 days may result in such loans being classified as NPAs. The following table sets forth the breakdown of our gross carrying amount of Stage 3 loans by product, as at March 31, 2024, 2023 and 2022:

Product	**As at March 31,**					
	2024		**2023**		**2022**	
	Amount	**Gross Stage 3 loans (%)**	**Amount**	**Gross Stage 3 loans (%)**	**Amount**	**Gross Stage 3 loans (%)**
	(₹ million, except %)					
Student Loans – International	76.22	0.08	83.74	0.15	78.29	0.29
Educational Institution Loans	375.37	1.81	199.69	1.25	140.96	1.21
Education Loans - Domestic	63.62	1.76	42.19	0.44	28.20	0.36
Others (1)	8.04	0.38	4.57	0.64	-	-
Gross carrying amount of Stage 3 loans	**532.35**	**0.43**	**472.12**	**0.56**	**618.99**	**1.29**

(1) Others include cross sell, loan against property and loan portfolio purchased under direct assignment.

(2) Gross carrying amount of Stage 3 loans includes discontinued business – legacy small and medium enterprises loan portfolio which was discontinued prior to change in control in Financial Year 2020.

The following table sets forth the breakdown of our Net Carrying Amount Stage 3 Loans by product, as at March 31, 2024, 2023 and 2022:

Product	**As at March 31,**					
	2024		**2023**		**2022**	
	Amount	**Net Stage 3 loans (%)**	**Amount**	**Net Stage 3 loans (%)**	**Amount**	**Net Stage 3 loans (%)**
	(₹ million, except %)					
Student Loans – International	13.22	0.01	23.28	0.04	33.03	0.12
Educational Institution Loans	137.88	0.67	93.05	0.59	79.21	0.68
Education Loans – Domestic	8.29	0.23	6.17	0.06	9.13	0.12
Others (1)	1.89	0.09	2.04	0.29	-	-
Net carrying amount of Stage 3 loans	**161.28**	**0.13**	**144.84**	**0.17**	**251.88**	**0.53**

(1) Others include cross sell, loan against property and loan portfolio purchased under direct assignment.

(2) Net carrying amount of Stage 3 loans includes discontinued business – legacy small and medium enterprise loan portfolio which was discontinued prior to change in control in Financial Year 2020.

We also regularly monitor our country-level exposure and assess various macroeconomic metrics such as GDP growth rates, inflation, employment rates, wage rates and interest rates, for the geographies in which students financed by us are studying. Following the prolonged impact of the COVID-19 pandemic, to mitigate the tail risk to our student loans – international portfolio, we strengthened our credit norms by revising minimum academic thresholds scores for all products and across all target countries of study where our borrowers pursue courses. We also strengthened our thresholds in terms of bureau scores and minimum income thresholds for our co-borrower income based programs.

For the United Kingdom, in view of the slowdown witnessed on account of higher unemployment rates, fall in wage growth rates and stagnant GDP growth, we strengthened our credit policy norms to minimize our exposure to any risk that could potentially arise and impact our operations. These included measures such as setting out higher bureau thresholds, higher academic score thresholds and a restriction on the nature of courses underwritten, among others. Similarly, for Canada, our lending was specifically restricted to designated learning institutions specified by Canadian Immigration norms. In light of the strained diplomatic relations between India and Canada, with effect from September 21, 2023, we suspended all fresh disbursements to Canada until October 27, 2023, when political tensions eased and both countries partially resumed visa services. We resumed fresh disbursements to Canada subject to certain credit control measures such as minimum average academic score thresholds defined for unsecured lending.

We cannot assure you that we will be able to maintain or reduce our current levels of gross carrying amount of Stage 3 loans and net carrying amount of Stage 3 loans in the future. Further, as our loan portfolio grows, our NPAs may increase and the current level of our provisions may not adequately cover any such increases. Negative trends or financial difficulties or a general economic slowdown could unexpectedly increase delinquency rates. We cannot assure you that there will not be a significant increase in the portion of our loans that are classified as NPAs as our loan portfolio matures or that any of the steps taken by us in avoiding delay and/or default of loan repayments by our borrowers will be sufficient.

9. While we have applied for consent to undertake the Offer from certain of our lenders, we have not received consents from some of these lenders as on the date of this Draft Red Herring Prospectus. Any failure to obtain these consents could lead to changes in our plans or strategies, including our capital raising plan through the Offer.

We have entered into agreements in relation to financing arrangements for rupee term loans and external commercial borrowings from certain banks and financial institutions. Some of the financing arrangements entered into by us include conditions that require our Company to obtain lender consents prior to undertaking certain actions. These restrictive covenants vary depending on conditions negotiated under the financing documents entered into with these lenders. The agreements with respect to our borrowings contain restrictive covenants in relation to our ability to undertake the Offer, including, but not limited to, making any amendments to our Company's constitutional documents; effecting any changes to or alteration our Company's capital structure or shareholding pattern or ownership; effecting any changes in the management of our Company, including changes in the composition of the Board of Directors. As on the date of this Draft Red Herring Prospectus, we have received consent from and/ or intimated 38 (thirty eight) lenders constituting 92.07% of our total borrowings as on May 31, 2024 (excluding the borrowings fully repaid by us post May 31, 2024). While, we have sought consents from the rest of the lenders to enable us to undertake the Offer. We cannot assure you that such consents will be granted in time or at all, or such lenders will not seek additional undertakings, impose further terms and conditions which may be onerous for us. Any failure to obtain these consents could lead to changes in our plans or strategies, including our capital raising plan through the Offer. Such failure could also result in consequent termination of facilities availed by us from these lenders which could adversely affect our business, financial condition, results of operations and cash flows.

10. We have experienced negative cash flows in the past. We cannot assure you that our net cash flows will be positive in the future.

We have experienced negative cash flows in the past, primarily due to the inherent nature of our business wherein the negative cash flow from operating activities pertaining to disbursements is financed from financing activities. The following table sets forth our cash flows for the years indicated:

Particulars	**Financial Year 2024**	**Financial Year 2023**	**Financial Year 2022**
	(₹ million)		
Net cash (used in) operating activities	(34,950.19)	(35,325.20)	(14,904.82)
Net cash (used in) / generated from investing activities	(430.17)	(371.69)	372.52
Net cash generated from financing activities	40,517.19	40,314.99	16,597.29
Net increase/(decrease) in cash and cash equivalents	5,136.83	4,618.10	2,064.99

We had negative cash flows from our operating activities during the Financial Years 2024, 2023 and 2022 and from our investing activities during the Financial Years 2024 and 2023 due to the following reasons:

- Net cash used in operating activities was ₹34,950.19 million for the Financial Year 2024. Our profit before tax was ₹4,592.92 million for the Financial Year 2024. Cash used in operations before working capital changes was ₹2,510.06 million, which was primarily adjusted for interest income on loans of ₹13,864.33 million and interest expense on borrowings of ₹8,695.31 million. Changes in our working capital for the Financial Year 2024 primarily comprised an increase in loans of ₹32,898.61 million.

- Net cash used in operating activities was ₹35,325.20 million for the Financial Year 2023. Our profit before tax was ₹2,113.15 million for the Financial Year 2023. Cash used in operations before working capital changes was ₹335.05 million, which was primarily adjusted for interest income on loans of ₹8,554.85 million and interest expense on borrowings of ₹4,826.47 million. Changes in our working capital for the Financial Year 2023 primarily comprised an increase in loans of ₹33,740.14 million.

- Net cash used in operating activities was ₹14,904.82 million for the Financial Year 2022. Our profit before tax was ₹854.60 million for the Financial Year 2022. Cash generated from operations before working capital changes was ₹12.68 million, which was primarily adjusted for interest income on loans of ₹4,617.46 million and interest expense on borrowings of ₹2,466.80 million. Changes in our working capital for the Financial Year 2022 primarily comprised an increase in loans of ₹17,039.59 million.

- Net cash used in investing activities was ₹430.17 million for the Financial Year 2024, primarily comprising (i) investments in mutual fund units at FVTPL of ₹95,795.21 million; (ii) investments in treasury bills at amortized cost of ₹14,215.27 million; and (iii) purchase of property, plant and equipment, and intangible assets of ₹481.84 million, which was partially offset by (i) sale of mutual fund units at FVTPL of ₹95,927.70 million; (ii) redemption in treasury bills of ₹12,550.00 million; and (iii) fixed deposit not considered as cash and cash equivalents (net) of ₹1,132.11 million.

- Net cash used in investing activities was ₹371.69 million for the Financial Year 2023, primarily comprising (i) investments in mutual fund units at FVTPL of ₹41,348.55 million; and (ii) investments in treasury bills at amortized cost of ₹1,374.46 million, which was partially offset by (i) sale of mutual fund units at FVTPL of ₹41,414.58 million; (ii) redemption in treasury bills of ₹880.00 million; and (iii) redemption of fixed deposit not considered as cash and cash equivalents (net) of ₹106.53 million.

For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Cash Flows*" on page 367. We cannot assure you that our net cash flows will be positive in the future.

11. ***We depend on the accuracy and completeness of information provided by our borrowers. Any misleading information provided to us by our borrowers may affect our judgement of their credit worthiness, which could have an adverse effect on our business, cash flows, results of operations, financial condition and cash flows.***

While deciding to extend credit to borrowers, we rely, to a significant extent, on the information provided to us for certain key elements of the credit assessment process. This includes several factors such educational backgrounds, future income and repayment capacity. We follow the know your customer ("**KYC**") guidelines prescribed by the RBI for potential borrowers. Moreover, for our educational institution loan business, we undertake a valuation of collateral.

We also rely on certain representations from borrowers as to the accuracy and completeness of that information and depend on credit information companies or credit bureaus. Our reliance on any misleading information may affect our judgement of the creditworthiness of potential borrowers, which may adversely affect our business, results of operations, financial condition and cash flows. In instances where we detect that false documents or information has been provided by a borrower leading to an adverse effect on the recoverability of disbursements to that loan account, we classify such account as a "fraud" account and report such account to the RBI. During Financial Year 2024, we experienced two incidents of fraud with an aggregate loss amounting to ₹1.08 million. This was on account of misrepresentation of facts and breach of trust.

The following table sets out details of the material fraud cases detected and reported for the years indicated below:

Particulars	**Financial Year**		
	2024	**2023**	**2022**
Number of material fraud cases detected and reported	2	Nil	Nil
Amount involved (₹ million)	9.03	Nil	Nil

We also have certain products in the student loans – international business where we provide loans on the basis of students' academics, course profile, country of study and employment potential, among other factors, without verifying co-borrower incomes. We may also not receive updated information regarding any change in the financial condition of our borrowers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation by our borrowers or employees. Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our nonperforming assets. Increases in NPAs could adversely affect our business and results of operations. Moreover, any delays on our part to take immediate action in connection with enforcement of security, delays in bankruptcy foreclosure proceedings, economic downturns, defects in security and fraudulent transfers by borrowers post availing the loan may hinder our ability to realize the full value of security, which may result in an adverse effect on our business, cash flows, results of operations, financial condition and cash flows.

12. ***Our underwriting model for our student loan businesses relies on the employability prospects of students, among other factors. The inability of a large proportion of borrowers to secure employment over a period of time following completion of the financed course of study could have an adverse effect on our business.***

We utilize our expertise and our risk management and collections framework to implement underwriting processes tailored to our business. For our student loan businesses, we adopt a student-centric approach to underwriting and deploy rule engine and various other tools to assess future employability and earning potential and objectively decide on the proposal. Our student borrower profile for overseas studies typically comprises young and aspirational individuals from diverse backgrounds, often at the beginning of their credit journey and admitted to pursue courses primarily in the Science, Technology, Engineering and Mathematics ("**STEM**") and Business Administration domains. Given that our underwriting relies on, among other factors, future potential income based on students' academics, course profile, country of study and employability, we may not be able to carry out a precise credit risk analysis on our student base and some of our potential borrowers may not have an extensive credit history supported by tax returns and other documents that can enable us to accurately assess their creditworthiness. We may also not receive updated information regarding any change in the financial condition of our borrowers. See also "*Our Business – Description of Our Business – Our Product Portfolio – Student Loans – International – Underwriting Approach*" on page 183.

Our student borrowers may default in their repayment obligations due to several reasons, including delays in visas leading to delays in course start dates, the inability to gain employment following the completion of the financed course of study, loss of employment or insolvency of the co-borrower or guarantor, and lack of liquidity or personal emergencies such as the death of an income-generating family member, among others. The impact of these factors may be heightened in rising or high interest rate environments when interest rates rise causing payments on variable-rate loans to increase.

Although we prepare to mitigate this risk by relying on at least one parent or blood relative as co-borrowers, to the extent we are unable to successfully manage risks associated with lending to students for overseas higher education, we might be unable to fully recover our outstanding loans, which could adversely affect our business.

13. We are vulnerable to volatility in interest rates for both our borrowing and lending operations, which could cause our net interest income to vary and consequently affect our profitability.

Interest rates are highly sensitive to many factors beyond our control. If there is an increase in the interest rates we pay on our borrowings that we are unable to pass to our borrowers, we may find it difficult to compete with our competitors, thereby affecting our net interest income.

Our results of operations depend substantially on the level of our net interest income, which is the difference between our interest income and our finance cost. Any change in interest rates would affect our interest expense on our floating interest-bearing liabilities as well as our net interest income and net interest margins. Any increase in our cost of funds may lead to a reduction in our net interest margin or require us to increase interest rates on loans disbursed to borrowers in the future to maintain our net interest margin. The table below sets forth details of our average cost of borrowings, floating rate borrowings and net interest margin as at and for the Financial Years 2024, 2023 and 2022:

Particulars	**As of and for the year ended March 31,**		
	2024	**2023**	**2022**
	(% of total borrowings)		
Average Cost of Borrowings (1)	9.72	8.90	8.76
Floating Rate Borrowings	70.79	62.71	59.97
Net Interest Margin (2)	4.85	4.68	4.96

(1) *Average Cost of Borrowings is finance cost divided by average borrowings.*

(2) *Net Interest Margin represents the difference between interest income and finance cost for the year to the average interest earning assets for the year.*

In a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, it could lead to a reduction in our net interest income and net interest margin. Further, for our student loan – international and education loan – domestic businesses, we are prohibited under the NBFC Scale Based Regulations from charging pre-payment penalties on loans to individuals with variable interest rates and an increase in general interest rates in the economy could reduce the overall demand for education finance and impact our growth.

In a rising interest rate environment, in the event of any sudden or sharp increase in interest rates, our return on investments could become less attractive which could also lead to a decline in the market value of our investments. Our inability to effectively and efficiently manage interest rate variations and our failure to pass on increased interest rates on our borrowings may cause our net interest income to decline, which would decrease our return on assets and could adversely affect our business, result of operations and financial condition.

14. We may face maturity mismatches between our assets and liabilities in the future, which could affect our liquidity, business, results of operations, financial condition and cash flows.

We face potential liquidity risks because our assets and liabilities mature over different periods. Asset and liability mismatch, which represent a situation when the financial terms of an institution's assets and liabilities do not match, is a key financial parameter for us. We monitor the contractual maturity periods of our assets and liabilities and categorize them on the basis of the number of years in which they mature, as set forth below:

Years	As of and for the year ended March 31, 2024		
	Liabilities	Assets	Gap
	(₹ in million)		
Up to 1 year	35,280.87	40,242.80	4,961.93
1 to 3 years	56,326.35	52,821.71	(3,504.64)
3 to 5 years	13,646.19	44,699.21	31,053.02
Over 5 years	38,184.95	5,674.64	(32,510.31)

Notes:

(1) *Liabilities represent equity, trade payables, debt securities, borrowings (other than debt securities), subordinated liabilities, lease liabilities and other financial, non-financial liabilities and total equity.*

(2) *Assets represent cash and cash equivalents, bank balance (other than cash and cash equivalents), loans and other financial and non-financial assets.*

Although we have not faced any breach of tolerance limits prescribed under regulatory guidelines or board approved policy for net cumulative mismatch as of March 31, 2024, a significant portion of loans to our borrowers have maturities with longer tenure than the average tenure of our borrowings and we cannot assure you that we will be able to continue to maintain a favorable asset-liability maturity profile in the future. Any such instances in the future may lead to a liquidity risk and have an adverse effect on our business, results of operations, financial condition and cash flows. For details, see "*Selected Statistical Information - Asset Liability Management*" on page 237.

15. We are required to comply with guidelines issued by regulatory authorities in India, including the Reserve Bank of India, Securities and Exchange Board of India and Insurance Regulatory and Development Authority of India, which are evolving and may increase our compliance costs and subject us to penalties.

We are regulated principally by the RBI (as a non-banking financial company registered with the RBI), and are also subject to regulatory oversight from SEBI (presently, as a debt-listed company, our Company is subject to the continuous disclosure obligations under the SEBI Listing Regulations, and we will be subject to additional obligations and disclosure requirements once our Equity Shares are listed on the Stock Exchanges) and IRDAI (as a corporate agent registered with the IRDAI for sourcing of insurance products), the corporate, taxation and other laws in effect in India. Our business and financial performance could be adversely affected by changes in the laws, rules, regulations or directions applicable to us, or the interpretations of such existing laws, rules and regulations, or the promulgation of new laws, rules and regulations, including foreign investment laws governing our business, operations and investments in our Company by non-residents. These regulations, apart from regulating the manner in which a company carries out its business and internal operations, prescribe various periodical compliances and filings, including but not limited to filing of forms and declarations with the relevant registrar of companies, the RBI and other relevant authorities. Further, notification of new regulations and policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, or impose onerous requirements and conditions on our operations, in addition to those which we are undertaking currently, or change the manner in which we conduct KYC or authenticate our borrowers. Any such changes and the related uncertainties with respect to the implementation of new regulations may have an adverse effect on our business, results of operations, financial condition and cash flows.

Additionally, the Digital Personal Data Protection Act, 2023 ("**DPDP Act**") was passed in August 2023 and once notified, will replace the existing data protection provisions, as contained in Section 43A of the Information Technology Act, 2000. The DPDP Act seeks to balance the rights of individuals to protect their personal data with the need to process personal data for lawful and other incidental purposes. The DPDP Act requires companies that collect and deal with high volumes of personal data to fulfil certain additional obligations such as appointment of a data protection officer for grievance redressal and a data auditor to evaluate compliance with the DPDP Act. The DPDP Act provides that personal data may be processed only in accordance with the DPDP Act, and for a lawful purpose after obtaining the consent of the individual or for certain legitimate uses. The DPDP Act outlines prescriptive compliance controls across enterprises managing the personal information of Indian citizens. We cannot assure you that no actions will be taken against us by the regulatory authorities in the future for any alleged contravention of the DPDP Act which could adversely impact our business, results of operations, financial condition, cash flows and the price of the Equity Shares.

While we have not been subject to any material fines or penalties, the BSE Limited levied certain secretarial penalties on us (imposed due to regulations applicable to the listed NCDs) details of which are set below:

- A fine of ₹165,240 for non-compliance of Regulation 54 of the SEBI LODR Regulations for non-disclosure of security cover in the financial results for the quarter ended December 2021 was paid on July 15, 2022.

- A fine of ₹5,900 for non-compliance of Regulation 50 (1)(d) of the SEBI LODR Regulations for non-disclosure of intimation of Board meeting in which issue of non-convertible debentures was considered during the month of January 2023. The fine was paid on March 15, 2023.

- A fine of ₹5,900 for non-compliance of Regulation 50 (1)(d) of the SEBI LODR Regulations for non-disclosure of intimation of Board meeting in which issue of non-convertible debentures was considered for the month of February 2023. The fine was paid on May 12, 2023.

- A fine of ₹11,800 for non-compliance Regulation 60(2) of the SEBI LODR Regulations for delay in submission of the notice of record date of payment of interest on non-convertible debentures issued by the Company for the month of April 2023. Our Company submitted its clarification to BSE vide its email dated May 30, 2023 that the Company has duly submitted the record date intimation on March 27, 2023 for the interest and redemption payment as per the provisions of Regulation 60(2) of the SEBI LODR Regulations.

Any such instances of penalties by regulatory authorities in the future may have an adverse effect on our business and results of operations. We cannot assure you that we will not be subject to any adverse regulatory action in the future. The costs of compliance may be high, which may affect our profitability. If we are unable to comply with any such regulatory requirements in the future, our business, results of operations, cash flows and financial condition may be materially and adversely affected.

Some of the material laws, rules and regulations applicable to us, wherein any adverse changes may materially affect our business, results of operations, cash flows and financial condition include:

- Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023;
- IRDAI (Registration of Corporate Agents) Regulations, 2015;
- Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended;
- The Digital Personal Data Protection Act, 2023;
- Central Goods and Service Tax Act, 2017, the Central Goods and Service Tax Rules, 2017 and various state-wise legislations made thereunder; and
- Integrated Goods and Services Tax Act, 2017.

While we are currently in compliance with the above regulatory requirements, as applicable, we cannot assure you that we will be able to comply with any increased or more stringent regulatory requirements in a timely manner, in part or at all. See also "*Key Regulations and Policies*" on page 192.

Additionally, our Company is also required to obtain prior approval from the RBI under the Scale Based Regulations for undertaking the Offer, for which our Company has filed an application on May 12, 2024. Our Company is yet to receive approval from the RBI.

16. ***Any downgrade in our credit ratings in the future may increase interest rates for refinancing our borrowings, which would increase our cost of borrowings, and adversely affect our ability to borrow on a competitive basis.***

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Our credit ratings for our outstanding debt instruments as of March 31, 2024, March 31, 2023 and March 31, 2022, are set out below:

Rating Agency	Instrument	March 31, 2024	March 31, 2023	March 31, 2022
CARE Ratings Limited	Long-term bank facilities	CARE AA-/ Stable	CARE A+ / Positive	CARE A+ / Stable
	Market linked debentures	CARE PP-MLD AA-/ Stable	CARE PP-MLD A+ / Positive	-
	Non-convertible debentures (including subordinated debt)	CARE AA-/ Stable	CARE A+ / Positive	CARE A+ / Stable
	Commercial paper	CARE A1+	CARE A1+	CARE A1+
Brickwork Ratings	Secured non-convertible debentures	BWR AA-/Stable	BWR A+/Positive	BWR A+/ Stable
	Unsecured subordinated debt			
ICRA Limited	Commercial paper	ICRA A1+	-	-

While we have not witnessed any downgrade, withdrawal or rejection (non-acceptance) in our credit ratings during the last three Financial Years, any downgrade in our credit ratings could increase borrowing costs, resulting in an event of default under certain of our financing arrangements and adversely affect our access to capital. In addition, it could increase the probability of our lenders imposing additional terms and conditions to any financing or refinancing arrangements we enter into in the future. The ratings provided by credit rating agencies may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. These instances could adversely affect our business, results of operations, financial condition and cash flows, with any downgrade in the future potentially impacting our ability to raise debt and equity capital.

17. ***Our business could be adversely affected if we are unable to comply with the limits and requirements stipulated by the Reserve Bank of India.***

We are subject to, among other regulations, regulations relating to the capital adequacy, liquidity coverage and principal business criteria ratios, as stipulated by the RBI from time to time.

The Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulations) Directions, 2023 (“**NBFC Scale Based Directions**”) currently require NBFCs such as our Company to comply with a capital to risk weighted assets ratio (“**CRAR**”) consisting of Tier I and Tier II capital. As per the NBFC Scale Based Directions, we are required to maintain a minimum capital ratio, consisting of Tier I capital and Tier II capital of not less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. In line with the NBFC Scale Based Directions, at a minimum, Tier I capital of an NBFC (except NBFC-ML and NBFC primarily engaged in lending against gold jewelry), at any point of time, cannot be less than 10%. Further, in order to comply with the principal business criteria (“**PBC**”) ratio stipulated by the RBI, NBFCs are required to maintain financial assets more than 50% of total assets (netted off by intangible assets) and income from financial assets more than 50% of gross income Similarly, NBFCs are required to maintain minimum liquidity coverage ratio (“**LCR**”) of 50% as on December 1, 2020, and to gradually increased to 100% by December 1, 2024, as per the NBFC Scale Based Directions. See also “*Offer Document Summary - Key Regulatory Financial and Operational Ratios*” and “*Key Regulations and Policies*” on pages 21 and 192, respectively.

A higher CRAR reflects a strong capital base relative to our risk-weighted asset exposure, reflecting our capacity to absorb financial distress and maintain operational stability. Any decline in CRAR below the regulatory expectation may indicate weakening capital adequacy. Moreover, Tier 1 capital is a measure of financial health of the Company and is the primary funding source of the Company comprising of shareholders' equity and retained earnings which the Company utilizes to function on a daily basis.

LCR is one of the key parameters closely monitored by the RBI to ensure that there is adequate liquidity for short-term cash flow requirements. A healthy LCR is expected to improve the ability of financial sector to absorb the immediate shocks arising from financial and/or economic stress, thereby reducing the impact of any such risk.

The table below sets forth details of our Company’s capital to risk weighted assets ratio, as of March 31, 2024, 2023 and 2022, and Tier I and Tier II capital as a percentage of risk weighted assets (on a standalone basis):

Particulars	**As of March 31,**		
	2024	**2023**	**2022**
	(₹ million, except percentages)		
Tier I Capital	34,986.01	20,764.98	9,605.47
Tier II Capital	760.21	431.96	598.35
Total Capital	**35,746.23**	**21,196.95**	**10,203.82**
Risk Weighted Assets	129,890.30	85,262.02	44,446.55
Capital-To-Risk Weighted Assets Ratio (%)[(1)]	27.52	24.86	22.96
Tier I Capital (%)[(2)]	26.94	24.35	21.61
Tier II Capital (%)[(2)]	0.58	0.51	1.35

(1) *Capital-To-Risk Weighted Assets Ratio is computed by dividing our Tier I and Tier II capital by Risk Weighted Assets (computed in accordance with the relevant RBI guidelines).*

(2) *Tier I capital comprises share capital, share premium, retained earnings including current year profit. Tier II capital comprises provision on stage I loan assets and subordinated liability. Risk weighted assets represent the weighted sum of our credit exposures based on their risk (computed in accordance with the relevant RBI guidelines).*

Particulars	**As of March 31,**		
	2024	**2023**	**2022**
	(percentages)		
Liquidity Coverage Ratio (%)	359.98	149.68	104.19
Minimum Regulatory Requirement (%)	85.00	60.00	50.00

*Note: Liquidity Coverage Ratio (“**LCR**") – ratio of stock of high quality liquid assets over total net cash outflows over the next 30 calendar days*

Particulars	**As of March 31,**		
	2024	**2023**	**2022**
	(percentages)		
Financial Assets to Total Assets (%) (PBC)	88.89	87.55	86.89
Minimum Regulatory Requirement (%)	>50.00	>50.00	>50.00
Income from financial assets to Total Income (%) (PBC)	87.47	96.43	99.95
Minimum Regulatory Requirement (%)	>50.00	>50.00	>50.00

*Note: Principal Business Criteria (“**PBC**”) Ratio(standalone) – ratio of financial assets to total assets (netted off by intangible assets) and income from financial assets to the gross income (asset and income pattern)*

Particulars	**As of March 31,**		
	2024	**2023**	**2022**
	(percentages)		
Cumulative mismatch as % of cumulative total outflows upto 30 days	149.30	38.99	266.59

Particulars	As of March 31,		
	2024	2023	2022
	(percentages)		
Cumulative negative mismatch as % of cumulative total outflows upto 30 days (minimum regulatory requirement)	(20.00)	(20.00)	(20.00)

Note: ALM (Assets Liability Maturity) – For measuring and managing net funding requirements, the use of a maturity buckets and calculation of cumulative surplus or deficit of funds at selected maturity dates is prepared as a standard tool. The Maturity Profile should be used for measuring the future cash flows of NBFCs in different time buckets. Further, within each time bucket, there could be mismatches depending on cash inflows and outflows. While the mismatches up to one year would be relevant since these provide early warning signals of impending liquidity problems, the main focus shall be on the short-term mismatches, viz., 1-30/ 31 days. The net cumulative negative mismatches upto 30 days bucket shall not exceed 20 percent of the cumulative cash outflows.

While we have been in compliance with regulatory requirements for our CRAR, LCR and PBC in the past, we cannot assure you that we will be able to maintain such ratios within the regulatory limits in the future. In particular, regulatory assessment of our capital adequacy and liquidity coverage requirements may differ from our own. Any failure or perceived failure to comply with such regulatory requirements could lead to the imposition of penalties or regulatory action against us, and have an adverse effect on our business, results of operations, cash flows and financial condition.

As we continue to grow our loan portfolio and asset base, we may be required to raise additional Tier I and Tier II capital and fund our liquidity needs in order to remain in compliance with the applicable regulatory requirements. We cannot assure you that we will be able to raise additional Tier I and Tier II capital in order to remain in compliance with applicable regulatory ratios, or maintain the required amounts of financial assets or income from financial assets as required in PBC. Further, the RBI may modify its current regulatory requirements, which may require us to raise additional capital. While we currently are in compliance with the aforementioned NBFC Scale Based Regulations, we cannot assure you that we will be able to raise adequate additional capital in the future on terms favorable to us, or at all, which may adversely affect the growth of our business.

18. Our inability to meet our obligations under our financing agreements and instruments could adversely affect our business, results of operations, financial condition and cash flows.

Our ability to meet our debt service obligations and repay our outstanding financial indebtedness will depend primarily on the cash generated from our business, which depends on the timely repayment by our borrowers.

The table below sets out details of our total borrowings and debt to equity ratio, as of March 31, 2024, 2023 and 2022:

Particulars	As of March 31,		
	2024	2023	2022
Total Borrowings(1) (₹ million)	101,352.45	72,101.25	41,002.79
Total equity (₹ million)	36,767.17	21,497.22	10,096.64
Debt to Equity Ratio(2) (times)	2.76	3.35	4.06

(1) *Total Borrowings includes debt securities, borrowings (other than debt securities) and subordinated liabilities.*
(2) *Debt to Equity Ratio is computed by dividing our total borrowings by total equity.*

Our financing agreements and instruments contain certain restrictive covenants that limit our ability to undertake fund raising activities, any of which could adversely affect our business, results of operations, financial condition and cash flows.

We are typically required to obtain prior approval from our lenders for undertaking various actions, including:

- make any amendments to our Company's constitutional documents;
- effect any changes to or alter our Company's capital structure or shareholding pattern or ownership;
- effect any changes in the management of our Company, including changes in the composition of the Board of Directors and change in the practice with regard to remuneration of directors;
- creation of further charges or any other encumbrance on the security provided for our borrowings;
- change, diversification or expansion of business activities;
- changes in special rights held by the Shareholders;
- appointment of other banks in relation to capital markets transactions;
- formulation of schemes of merger, consolidations, reorganizations, reconstructions, compromises or amalgamations; and
- dilution or transfer of promoter shareholding and non-maintenance of shareholding of promoters/ directors at the prescribed thresholds.

Some of our financing agreements and instruments also contain cross-default and cross-acceleration clauses, which may be triggered in the event of a default by us under our respective financing agreements, and also require us to maintain certain financial ratios, such as capital to risk weighted assets ratio, gross carrying amount of Stage 3 loans, leverage ratio, among others, at the end of certain reporting periods, including end of the Financial Years and the last quarters of Financial Years.

The clauses and covenants under the financing arrangements as mentioned above are in the ordinary course of business for a non-banking financial company and will continue post completion of the Offer for the outstanding indebtedness, as is customary for borrowing arrangements entered in the ordinary course of business. Our lenders also have the ability to recall or accelerate all or part of the amounts owed by us, subject to the terms of the relevant financing arrangement. While there have been no instances of failures to meet our obligations under financing agreements for the last three Financial Years, we cannot assure you that we will be able to repay our loans in full, or at all, at the receipt of a recall or acceleration notice, or otherwise. If we fail to meet our debt service obligations or covenants provided under the financing agreements, the relevant lenders could declare us to be in default under the terms of our agreements or accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay the borrowings, and it may adversely affect our business, results of operations, financial condition and cash flows.

19. We rely significantly on our information technology systems and a breach of or cyber-attacks on our technology systems could adversely affect our business and lead to financial, legal, and reputational damage.

We use our technology platforms to assist with functions such as origination, underwriting, loan management, risk management, customer service, collections, accounting, cloud-based reporting platform to perform data analytics. We have developed and utilize proprietary tools, cloud services, cloud based SaaS products, cloud-based central repository and mobility applications to run various applications covering customer-facing and internal processes. We have systems for managing customer life cycle such as lead management, loan origination, loan management, as well as mobile applications. Our operations depend on our ability to run uninterrupted, scalable and integrated systems, which are accessed by customers, internal users and partners.

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, hacking, cyber-attacks or similar events, or loss of support services from third-parties, such as internet backbone providers, for which we may be held liable.

Our ability to operate and remain competitive will depend, in part, on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. During the last three Financial Years, we have experienced one malware incident which was effectively contained with minimal impact on the business and resulted in no loss of customer data. Following this incident, we made incremental investments in our information security posturing by deploying widely accepted industry solutions to safeguard our applications, servers, networks, website and end-use devices, making them more cyber resilient. We have also improved our response and recovery framework by investing in back-up solutions and in a responsive security operations center. Despite having resilient systems and a monitoring framework, we cannot provide complete assurance that we will not encounter any disruptions in the future.

In addition, our systems are potentially vulnerable to data security breaches, whether by employees, who may have a lack of experience with our newer information technology systems, or others, that may expose sensitive or confidential data to unauthorized persons. Data security breaches could also lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of personal information (including sensitive financial and personal information) of our borrowers and employees, which could result in breaches of applicable data security laws and resultant imposition of monetary penalties. Security measures could be breached by third-party actions, intrusion into our software by hackers due to software flaws or due to employee error and malfeasance. In addition, we may be required under applicable regulations to notify individuals of data security breaches involving their personal data. Any security breaches or compromises of technology systems in the future could result in institution of legal proceedings against us and potential imposition of penalties, which could adversely affect our business and lead to financial, legal, and reputational damage.

20. We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, agents, borrowers or third parties, which could harm our reputation, business, financial condition, results of operations and cash flows.

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and complexity of operations. 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. Moreover, our management information systems and internal procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal system or process weaknesses are identified, our actions may not be sufficient to correct such weakness.

During Financial Years 2024, 2023 and 2022, we experienced five, four and two incidents of breach of our employee code of conduct, respectively. Although there was no resulting loss on account of these incidents, we cannot assure you that we will not encounter such incidents and any loss that might accompany them in the future. Similarly, during Financial Year 2024, we experienced two incidents of fraud with an aggregate loss amounting to ₹1.08 million. This was on account of misrepresentation of facts and breach of trust.

The following table sets forth the material frauds detected and reported for the years indicated below:

Particulars	Financial Year		
	2024	**2023**	**2022**
Number of material fraud cases detected and reported	2	Nil	Nil
Amount involved (₹ million)	9.03	Nil	Nil

Furthermore, our fraud risk framework, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or detect such activities in all cases. Our employees may also become targets or victims of theft, burglary and other crimes if they are present when these crimes are committed and may sustain physical and psychological injuries as a result. Publicity arising from such disclosure of fraud may also have an adverse impact on our borrowers' confidence in our security measures. For instance, our credit team discovered that a single borrower had availed three loans from different locations (once from Hyderabad and twice from Chennai) between August 2022 and September 2022 to pursue a master's in business administration course from the University of Sunderland, United Kingdom.

We may also be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill. Although we have not experienced such incidents in the past which relate to collateral enforcement, we cannot assure you that we will not encounter such complaints in the future. There can be no assurance that such complaints will not result in further legal actions or adverse publicity against us.

21. There have been certain instances of delays in payment of employee related statutory dues by our Company. Any further delays 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.

The table below sets forth the details of the statutory dues paid by us in relation to our employees for the years indicated below:

(₹ in million, except employee data)

Particulars	No. of employees	Provident Fund	Professional Tax	Labour Welfare Fund
Financial Year ended March 31, 2024	672	94.85	1.24	0.04
Financial Year ended March 31, 2023	521	65.72	0.93	0.01
Financial Year ended March 31, 2022	420	53.92	0.81	0.03

Further, the table below sets out details of the delays in payments of employment related statutory dues by us for the aforesaid periods:

(₹ in million)

Particulars	No. of employees	Provident Fund	Professional Tax	Labour Welfare Fund
Delay for the Financial Year ended March 31, 2024	672	Nil	3 days*	1 day
Delay for the Financial Year ended March 31, 2023	521	Nil	Nil	Nil
Delay for the Financial Year ended March 31, 2022	420	3 days*	Nil	Nil

** Delay due to technical reasons since the website of the relevant authority was not functional.*

While no penalty or fine has been levied by the appropriate authorities against us for the aforementioned delays, we cannot assure you that we will not be subject to such penalties and fines in the future which may have a material adverse impact on our financial condition and cash flows.

22. 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**"), counter-terrorism financing ("**CTF**") and anti-terrorism laws and other regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML, CTF and KYC policies and procedures. In the ordinary course of our operations, we are exposed to the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest borrowers 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 have instituted 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. While we have not experienced any instances of money laundering or use of our loans for illegal activities during the Financial Years 2024, 2023 and 2022, 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.

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

Our registered logo “ AVANSE ” is registered, under class 35, and 36 with the Registrar of Trademarks under the Trademarks Act. Certain of these registrations are in the process of being renewed. There can be no assurance that we will be able to successfully renew the registration in a timely manner or at all. As a result, we may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection until such time that this registration is granted. We may also be harmed by the actions of or negative press relating to entities which have similar names. Any unauthorized or inappropriate use of our brand, trademarks and other related intellectual property rights by others in their corporate names or product brands or otherwise could harm our brand image, competitive advantages and business, and dilute or harm our reputation and brand recognition.

In the instance of infringement of our intellectual property rights, we may be required to resort to legal action to protect our brand names and other intellectual property rights. While we are not aware of any instances of infringement of our brand names or intellectual property rights, we may be required to resort to legal action to protect our brand names and other intellectual property rights. Any adverse outcome in such legal proceedings may impact our ability to use our brand names and other intellectual property rights in the manner in which such intellectual property is currently used, or at all, which could have an adverse effect on our business, results of operation, financial condition and cash flows.

24. We are exposed to portfolio attrition risks that may arise if our borrowers for our educational institution loan business opt for balance transfers to other banks or financial institutions, which could adversely affect our business, financial condition, results of operations and cash flows.

As part of our educational institutions loans business, we offer variable interest rate loans linked to our reference rate. Based on market conditions, we price our loans at either a discount or a premium to our reference rate, which is determined primarily on the basis of our cost of borrowings, product construct and customer profiling with respect to individual transactions. Borrowers with variable interest rates on their loans are exposed to increased equated monthly instalments (“**EMIs**”) when the loans’ interest rate adjusts upward, to the rate computed in accordance with the applicable index and margin. Such borrowers typically seek to refinance their loans through loan balance transfer to other banks and financial institutions, to avoid increased EMIs that may result from an upwards adjustment of the loans’ interest rate.

While refinancing of loans by other lenders could in certain circumstances be beneficial for our borrowers, it results in a loss of interest income expected from such loans over the course of their tenure. As competition in the education finance sector intensifies, some of our borrowers with variable interest rate loans may not be able to find balance transfer options at comparably lower interest rates or other financing alternatives. However, if such borrowers with variable interest rates are able to find such balance transfer options and opt for other financing alternatives, we could experience attrition in our portfolio and may not be able to receive our expected interest income on such loans. Accordingly, our business, financial condition, results of operations and cash flows could be adversely affected.

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

We have exclusively commissioned and paid for the services of independent third party research agency, CRISIL MI&A (“**CRISIL MI&A**”), and have relied on the report titled “*Assessment of the Education Services and Education Loan Industry in India* ” dated June 2024, (the “**CRISIL MI&A Report**”) for industry related data in this Draft Red Herring Prospectus, including in the section “*Industry Overview*” on page 115, respectively. We have no direct or indirect association with CRISIL MI&A other than as a consequence of such an engagement, and CRISIL MI&A is not in any manner related to us, our Directors, our Promoter, our KMPs or our Senior Management.

The CRISIL MI&A Report is not exhaustive and is based on certain assumptions, parameters and conditions made and identified by CRISIL MI&A. Industry sources and publications are prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data and any reliance on such information for making an investment decision in the Offer is subject to inherent risks. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information.

26. Our inability to recover outstanding loan amounts in a timely manner in relation to our secured loans could adversely affect our business, results of operations, financial condition and cash flows.

Our product portfolio primarily comprises of unsecured student loans and secured educational institution loans. For our educational institution loans, the value of the collateral may decline during the term of the loan due to several factors, including due to adverse market conditions and the impact on the Indian economy, among others. In the event of a default, we may not be able to fully recover the outstanding loan amount by acquiring and selling the collateral and could incur losses. As of March 31, 2024, educational institutional loans comprised 17.04% of our AUM, with the underlying security being the institution premises and any other immovable collateral. For details on our non-performing assets, please see "— *Any deterioration in the credit quality of our loans could adversely affect our business, results of operations, financial conditions and cash flows*" on page 31.

The enforcement of such security might also be challenging in view of ongoing academic activities at the premises and sensitivities attached to the collateral. In our experience, the actual time taken for repossession of NPAs in certain instances has extended beyond 360 days. Further, a defaulting borrower maintains the right to appeal before the Debt Recovery Tribunal ("**DRT**"), which has the power to issue a stay order prohibiting the lender from taking repossession of and selling the assets of a defaulted borrower. As such, we may be unable to realize the full value of our collateral, as a result of factors including delays in the repossession proceedings. Any failure to recover the expected value of collateral security could expose us to a potential loss and adversely affect our business, results of operations, financial condition and cash flows.

27. Negative publicity could damage our reputation and adversely affect our business and results of operations.

Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. Any negative public opinion about the financial services industry generally or the education finance industry or us specifically, could adversely affect our ability to attract and retain borrowers, raise funds from lenders and may expose us to litigation and regulatory action. While we have developed our brand and reputation over our history, any negative incidents or adverse publicity could rapidly erode customer and lenders trust and confidence in us, particularly if such incidents receive widespread adverse mainstream and social media publicity or attract regulatory investigations.

As a result of a higher number of loan applications processed, more proactive repayment management and increases in foreclosure, the number of borrower complaints received in the ordinary course of business has also increased to 2,922 complaints during Financial Year 2024 from 861 complaints during Financial Year 2023 and 101 complaints during Financial Year 2022.

Negative publicity can result from our own or our third-party service providers' actual or alleged conduct in any number of activities, including lending practices, mortgage servicing and foreclosure practices, technological practices, corporate governance, mergers and acquisitions, regulatory compliance, and related disclosures, sharing or inadequate protection of customer information, and actions taken by government regulators and community organizations in response to that conduct. While we have not faced any such instances in the last three Financial Years, and we take steps to minimize reputational risk in dealing with borrowers and other constituencies, we, as a financial services organization, are inherently exposed to this risk.

28. Our non-convertible debentures are listed on 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

Our non-convertible debentures are listed on the BSE. We are required to comply with various applicable rules and regulations, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and SEBI Listing Regulations, in terms of our listed non-convertible debentures, and the listing agreement entered into therein.

While we are in compliance with the applicable laws in relation to such NCDs, if we fail to comply with the applicable rules and regulations in the future and any default in compliance with the material covenants such as in creation of security as per terms of issue, default in payment of interest, default in redemption, default in payment of penal interest wherever applicable, or non-availability or non-maintenance of security cover, we may be subject to certain penal actions, including, without limitation, restrictions on the further issuance of securities, which may have an adverse effect on our business, results of operations, financial condition and cash flows. In the past we have been subject to penalties by the BSE in respect of our listed NCDs. For further details see *"—We are required to comply with guidelines issued by regulatory authorities in India, which are evolving and may increase our compliance costs and subject us to penalties"* on page 35.

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

We have entered into various transactions with related parties. Set forth below is the arithmetic aggregated absolute total of our total related party transactions presented as a percentage of our total income, for the Financial Years 2024, 2023 and 2022:

Particulars	Financial Year 2024		Financial Year 2023		Financial Year 2022	
	Amount	% of total income	Amount	% of total income	Amount	% of total income
	(₹ million, except percentages)					
Arithmetic aggregated absolute total of our total related party transactions	138.03	0.80	3,183.60	32.15	54.79	1.08

The transactions entered into with related parties, including our Promoter, our Subsidiary, our Directors and Key Managerial Personnel, during the Financial Years 2024, 2023 and 2022, were undertaken by our Company in compliance with the applicable provisions of the Companies Act and all other applicable laws. We cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Although, all related party transactions that we may enter into post-listing, will be subject to the Board or Shareholder approval, as necessary under the Companies Act and the SEBI Listing Regulations, we cannot assure you that such future transactions, individually or in the aggregate, will not have an adverse effect on our results of operations, financial condition and cash flows, or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties.

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

We are required to obtain certain approvals, registrations, permissions and licenses from regulatory authorities, to carry out/ undertake our business which may be subject to various conditions. If we fail to obtain some or all of these approvals or licenses, or renewals thereof, in a timely manner or at all, or if we fail to comply with applicable conditions or it is claimed that we have breached any such conditions, our license or permission for carrying on a particular activity may be suspended or cancelled and we may not be able to carry on such activity, which could adversely affect our business, results of operations, cash flows and financial condition. For further information on the nature of approvals and licenses required for our business, see "*Government and Other Approvals*" on page 384.

In addition, in the future we may need to apply for certain additional approvals, including the renewal of approvals, which may expire from time to time. For details in relation to validity of our licenses and registrations, see "*Government and Other Approvals*" on page 384. We cannot assure you that such approvals and licenses will be granted or renewed in a timely manner or at all or will not be withdrawn by the relevant governmental or regulatory authorities.

Failure to obtain or renew such approvals and licenses in a timely manner or a withdrawal of any of our licenses or registrations would make our operations non-compliant with applicable laws and may result in imposition of penalties by relevant authorities, and may also prevent us from carrying out our business. Our licenses and approvals are subject to various conditions, including periodic renewal and maintenance standards. Any actual or alleged failure on our part to comply with the terms and conditions of such regulatory licenses and registrations could expose us to legal action, compliance costs or liabilities, or could affect our ability to continue to operate at the locations or in the manner in which we have been operating thus far.

31. Some of our Directors, Key Managerial Personnel and Senior Management Personnels may be interested in our Company to the extent of their shareholding in our Company.

Certain of our Directors and Senior Management Personnels may be interest in our Company to the extent of their shareholding in our Company. For instance, Amit Gainda, our Managing Director and Chief Executive Officer, and Vivek Kumar Baranwal, Rajesh Narayan Kachave, Samir Kumar Mohanty and Amit Yadav, our Senior Management Personnels, each hold two Equity Shares of face value of ₹ 5 each as nominees of Olive Vine, in our Company. Further, our Directors, Key Managerial Personnel and Senior Management may be regarded as interested to the extent of, among other things, sitting fees and perquisites including employee stock options granted by our Company and which may be granted to them from time to time pursuant to the Employee Stock Option Plans, as applicable, for which they may be entitled to as part of their services rendered to us as an officer or an employee. We cannot assure you that our Directors, Key Managerial Personnel and Senior Management, if they are also our Shareholders, will exercise their rights as shareholders to the benefit and best interest of our Company.

For details, see "*Our Management – Our Board – Other Directorships*" on page 212.

32. Some of our Directors may have interests in entities in businesses in the financial services sector, which may result in conflicts of interest with us.

Certain of our Directors may be associated with companies engaged in similar lines of business. For example, our Directors, Neeraj Swaroop, is a director on the boards of SBFC Finance Limited and Spandana Sphoorty Financial Limited, Narendra Ostawal is a director on the boards of Fusion Micro Finance Limited, Vistaar Financial Services

Private Limited and Home First Finance Company India Limited, Ravi Venkatraman is a director on the board of directors of ESAF Small Finance Bank Limited and SBFC Finance Limited, Savita Mahajan is a director on the board of directors of India Shelter Finance Corporation Limited, Hemant Omprakash Mundra is a director on the board of directors of Vistaar Financial Services Private Limited, Sunish Sharma is a director on the board of directors of Spandana Sphoorty Financial Limited, and Vijayalakshmi R. Iyer is a director on the board of directors of Aditya Birla Capital Limited. For details, see "*Our Management – Our Board – Other Directorships*" on page 212.

33. Our Company and Directors are involved in certain legal and other proceedings. Any adverse outcome in such proceedings may have an adverse effect on our business, results of operations, financial condition and cash flows.

In the ordinary course of business, our Company, Promoter, Subsidiary and Directors are involved in certain legal proceedings, which are pending at different levels of adjudication before various courts, tribunals and statutory, regulatory and other judicial authorities in India, and, if determined adversely, could affect our reputation, business, results of operations, financial condition and cash flows. For instance, some of the litigations that have been filed against our Company include, (i) criminal proceedings filed against us under provisions of IPC and under Motor Vehicles Act, 1988 for non-payment of challans; and (ii) civil proceedings filed against us such as interlocutory application filed against our Company in National Company Law Tribunal, Mumbai Bench and application filled for challenging possession notice issued by our Company against defaulting accounts. We cannot assure you that these legal proceedings will be decided favorably or that no further liability will arise from these claims in the future. A summary of material outstanding litigation that have been initiated by and against our Company, Promoter, Subsidiary and Directors (together referred to as the "**Relevant Parties**") (as applicable) are set forth below:

Category of individuals / entities	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Disciplinary actions by SEBI or Stock Exchanges against our Promoter in the last five years, including outstanding action	Material civil litigation	Aggregate amount involved (₹ in million)[(1)(2)]
Company						
By the Company	2,930	4	Nil	N.A.	18	3,504.43
Against the Company	3	5	Nil	N.A.	5	219.30
Directors						
By the Directors	Nil	Nil	Nil	N.A.	Nil	Nil
Against the Directors	2	2	Nil	N.A.	Nil	18.59
Promoter						
By our Promoter	Nil	Nil	Nil	N.A.	Nil	Nil
Against our Promoter	Nil	Nil	Nil	Nil	Nil	Nil
Subsidiary						
By our Subsidiary	Nil	Nil	Nil	N.A.	Nil	Nil
Against our Subsidiary	Nil	Nil	Nil	N.A.	Nil	Nil

(1) *To the extent ascertainable and quantifiable.*
(2) *The aggregate amount involved is as on June 30, 2024.*
(3) *In instances where there are multiple legal proceedings involving the same subject matter, the amounts presented reflect the monetary impact of such subject matter as a whole and have not been counted against each proceeding to avoid duplication.*

Involvement in such proceedings could divert our management's time and attention. We cannot assure you that any of the outstanding material litigation matters will be settled in our favor or in favor of the Relevant Parties, or that no additional liability will arise out of these proceedings. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally.

Further, we have initiated certain recovery proceedings against our borrowers, for the dishonor of cheques and for dishonor of electronic funds transfer. We have, in the ordinary course of our business, filed certain complaints with respect to offences such as fraudulent activities committed by certain borrowers. While these proceedings are pending at various stages of adjudication before various courts, we cannot ensure that they will get resolved in our favor and may have an adverse effect on our business, results of operations, financial condition and cash flows. For further details with respect to such outstanding proceedings, see "*Outstanding Litigation and Material Developments – Litigation involving our Company – Litigation by our Company – Criminal Proceedings*" on page 378.

If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities. Any adverse decision in any of these proceedings may have an adverse effect on our business, results of operations, financial condition and cash flows. Further, as on the date of this Draft Red Herring Prospectus, we do not expect any litigations against us to have a material impact on our profitability or capital adequacy.

34. ***We rely on third party service providers for managing cloud infrastructure, application development and testing, network and branch support and SaaS based platforms. Any lapse by third party service providers engaged by us may have adverse consequences on our business and reputation.***

We have implemented security solutions utilizing an integrated security information and incident management tool. We also have an API driven technology landscape, enabling us to handle the requirements of various product types.

To enhance our underwriting capabilities, we engage with third-party service providers to develop tools and integrate application programming interfaces to access supplementary information relating to our customers. This includes accessing fraud-related data, banking and investment records, PAN and Aadhar verification, taxation data and other additional KYC details of customers, in line with guidelines issued by the RBI. Additionally, we have also entered into agreements with third- party service providers for managing cloud infrastructure, application development and testing, network and branch support and SaaS based platforms. This exposes us to the risk that third party service providers may be unable to fulfil their contractual obligations to us and to the risk that their business continuity and data security prove to be inadequate. While we have not experienced any material lapse or default by the third parties, any defaults or lapses by our third-party service providers in the future could result in an adverse effect on our business, reputation, results of operations, financial condition and cash flows.

35. ***We rely on service providers for undertaking activities related to our business including, collection related services and certain back office services. Any lapse by the service providers engaged by us may have adverse consequences on our business and reputation.***

We are dependent on various external vendors or service providers for undertaking certain activities related to our business, such as loan processing applications, customer relationship management, 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. Failure to perform any of these functions by our external vendors or service providers or any breaches associated to external vendors or service providers may expose us to liability under the governing laws, regulations and contracts. While we have not experienced any material lapse or default by the vendors or service providers, any defaults or lapses in the future could result in an adverse effect on our business, reputation, results of operations, financial condition and cash flows.

36. ***The average ticket size of loans offered in each of our businesses has increased in the last three Financial Years. Any inability to recover outstanding loan amounts could affect our business, results of operations, financial condition and cash flows.***

We provide loans to borrowers across our Student Loans – International, Educational Institution Loans and Education Loans – Domestic businesses. Our business has grown significantly in the last three Financial Years and the average ticket size of loans offered in each of our businesses has increased. For our Student Loans – International business, this increase has primarily been on account of increases in course fees, living and other expenses due to inflation and depreciation in the value of the Indian rupee. The table below sets forth, as of the financial years indicated, the product-wise breakdown of our average ticket size on disbursement, for each of our businesses:

Product	**Financial Year**		
	2024	**2023**	**2022**
	(₹ in million)		
Student Loans – International	3.31	3.06	2.88
Educational Institution Loans	16.36	14.71	12.64
Education Loans - Domestic	0.11	0.09	0.07

While the average ticket size for our loans has increased, if our borrower's income does not increase commensurately, we will be exposed to risks of defaults on our loans and deterioration in the credit quality of our loans. Our ability to manage the credit quality of our loans, which we measure through non-performing assets ("NPAs") and overdue loans, is a key driver of our results of operations. We classify NPAs in accordance with the 'NBFC Scale Based Regulations' of the RBI and/ or credit impaired (stage 3) asset as per the requirements of Ind – AS 109 – "Financial Instruments", and defaults by our borrowers for a period of more than 90 days may result in such loans being classified as NPAs. Accordingly, we may be unable to recover outstanding loan amounts, which could adversely affect our business, results of operations, financial condition and cash flows.

See also, "— *Any deterioration in the credit quality of our loans could adversely affect our business, results of operations, financial condition and cash flows*" on page 31.

37. ***We are dependent on a number of our Key Managerial Personnel and our Senior Management, and the loss of, or our inability to attract or retain such persons could adversely affect our business, results of operations, financial condition and cash flows.***

Our performance depends largely on the efforts and abilities of our Key Managerial Personnel and our Senior Management, and we rely on their inputs and experience for the development of our business and operations. We cannot assure you that these individuals will not leave us or join a competitor or that we will be able to retain such personnel or find adequate replacements in a timely manner, or at all. For details of changes in our Key Managerial Personnel and Senior Management Personnel during Financial Years 2024, 2023 and 2022 please see *"Our Management - Changes in our Key Managerial Personnel and Senior Management Personnel in the three immediately preceding years"* on page 227.

The table below sets forth our employee attrition rate (calculated as total employees who left the organization in the relevant period divided by average number of employees (average of opening and closing headcounts of employees for the relevant year) during Financial Years 2024, 2023 and 2022:

Particulars	Financial Year 2024	Financial Year 2023	Financial Year 2022
Employee attrition rate (%)	27.66	36.98	42.97

This was primarily due to a number of factors including but not limited to employees pursuing career opportunities outside the organization, compensation and other personal reasons.

We may be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of, or inability to attract or retain such persons may have an adverse effect on our business, results of operations, financial condition and cash flows.

38. Our insurance coverage may not be sufficient or may not adequately protect us, which may adversely affect our business, results of operations, financial condition and cash flows.

We seek to maintain insurance coverage that is reasonably adequate to cover risks associated with the operation of our businesses. This includes the risk of fire, burglary, fidelity, personal accident, medical illness of our employees, insurance for directors and officers, public liability, and workmen's compensation, among others. The table below sets out details of our insurance coverage, written-down value of fixed assets and the percentage of total assets covered by insurance for Financial Years 2024, 2023 and 2022:

Particulars	Financial Year 2024	Financial Year 2023	Financial Year 2022
Insurance coverage (₹ million)	362.88	205.45	128.09
WDV of Fixed Assets (₹ million)*	233.11	130.88	66.28
Percentage of insurance coverage of WDV of fixed assets (%)	155.67	156.97	193.24

**Includes leasehold improvements, computers, office equipment, furniture and fixtures and vehicle.*

Our insurance policies, however, may not provide adequate coverage in certain circumstances such as for regulatory and compliance risks, operational risks and for financial assets which are not insurable. Furthermore, our insurance policies are subject to certain deductibles, exclusions and limits on coverage. Even if we have insurance for the incident giving rise to the loss, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. We cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have obtained sufficient insurance to cover all potential losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. During Financial Years 2024, 2023 and 2022, we have had 19 claims amounting to ₹0.97 million rejected, all as part of our group health insurance. However, to the extent that we suffer loss or damage, or successful assertion of one or more large claims against us for events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial condition and cash flows could be adversely affected.

39. The volume of our business may vary during certain periods in a financial year, primarily in connection with student loans – international business.

The overseas university admissions cycle contributes to an increase in our revenue from operations during the second quarter of every Financial Year. This trend primarily applies to higher education institutions in the United States and other geographies such as Canada, the United Kingdom, Ireland and Australia. This might lead to borrowers electing to defer the use of our services to subsequent admission cycles within or across the financial year, in line with their demand for overseas education. We also evaluate newer study courses and geographies on an ongoing basis to identify opportunities for distributed disbursement trends across the year.

40. The education finance industry in India is competitive, and any inability to compete effectively could adversely affect our business, results of operations, financial condition and cash flows.

According to the CRISIL MI&A Report, the education finance industry in India is competitive and our primary competitors are other NBFCs and private and public sector undertaking banks engaged in education loan financing.

This includes other NBFCs focused on education loans such as HDFC Credila Financial Services Limited and Auxilo Finserve Private Limited. We compete with these NBFCs on the basis of several factors including our range of product offerings, our distribution network, our asset quality, fees and customer service, among other factors. See also, "*Our Business – Competition*" and "*Industry Overview – Peer Comparison*" on pages 191 and 169, respectively.

Our continued success will depend, in part, on our ability to respond to technological advances, changing customer needs and the emerging digital ecosystem, in a cost-effective and timely manner. Our ability to leverage advanced analytics is important to remain ahead with regards to correct credit selection decisions and a better customer experience. Our ability to compete effectively will also depend, in part, on our ability to maintain or increase our margins. Our margins are affected in part by our ability to continue to secure low-cost capital and charge optimum interest rates at which we lend to our borrowers. We cannot assure you that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive education finance industry. If we are unable to compete effectively, our business, results of operations, financial condition and cash flows may be adversely affected.

41. We are unable to trace some of our corporate records including minutes of the Board meetings and corresponding form filings. Further, there have been inaccuracies in certain of our regulatory filings and certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation.

Certain of our Company's corporate records are not traceable as the relevant information was not available in the records maintained by our Company or on the online portal of the Ministry of Corporate Affairs ("**MCA Portal**") or in the physical records available at the RoC. This was despite conducting internal searches and engaging an independent practicing company secretary to conduct a physical search of our records at the RoC and prepare a report on such search (the "**RoC Search Report**"). These include, *inter alia* documents and their particulars set out in the table below:

Sr. No.	Type of document	Date of the corporate action	Particulars of the missing document
1.	Memorandum of association, Form-1 and its challan and the list of allottees	August 27, 1992	The original memorandum of association of the Company.
			Form-1 and its challan and the list of allottees for the allotment of the following equity shares of face value ₹10: (i) 100 equity shares each were allotted to Amrut Tilak. Shah, Kaushik Morarji. Chedda, Praful K. Dedhia and Satish Khimji Gala
2.	Board resolution and challan for form 2	March 22, 2006	Board resolution and challan for form 2 for the issue of 100,000 equity shares of face value of ₹10 allotted to Jayantilal K. Gala
		March 31, 2007	Board resolution and challan for form 2 for the allotment of the following equity shares of face value ₹10: (i) 79,500 equity shares allotted to Om Procurement Project Limited; and (ii) 26,500 equity shares allotted to Marudhar Mudra Private Limited.
3.	Form 2s and their respective challan and list of allottees	October 15, 1992	Form 2s and their respective challans and list of allottees for the allotment of the following equity shares of face value ₹10: (i) 3,900 equity shares allotted to Amrut T Shah; (ii) 2,000 equity shares allotted to Indira Amrut Shah; (iii) 2,000 equity shares allotted to Amrut T Shah (HUF); (iv) 1,000 equity shares allotted to Rushabh A Shah minor (Amrut T Shah as guardian) (v) 1,000 equity shares allotted to Naman A Shah, minor (Amrut T Shah as guardian); (vi) 1,000 equity shares allotted to Keshavji T Dedhia; (vii) 1,000 equity shares allotted to Sakerben K Dedhi;, (viii) 1,000 equity shares allotted to Keshavji T Dedhia (HUF); (ix) 3,900 equity shares allotted to Praful K Dedhia; (x) 1,000 equity shares allotted to Kalpana Praful Dedhia; (xi) 1,000 equity shares to Praful K Dedhia (HUF); (xii) 1,000 equity shares allotted to Ketan Keshavji Dedhia; (xiii) 1,000 equity shares allotted to Morarji Nanji Chheda; (xiv) 1,000 equity shares allotted to Morarji Nanji Chheda (HUF); (xv) 1,000 equity shares allotted to Bhanuben Morarji Chheda; (xvi) 2,900 equity shares allotted to Kaushik Morarji Chheda; (xvii) 1,000 equity shares allotted to Rita K Chheda; (xviii) 1,000 equity shares allotted to Kaushik Morarji Chheda (HUF); (xix) 500 equity shares allotted to Priyanka K Chheda, minor (Kaushik Chheda as guardian); (xx) 500 equity shares allotted to Anant K Chheda, minor (Kaushik Chheda as guardian); (xxi) 500 equity shares allotted to Manish M Chheda;

			(xxii) 500 equity shares allotted to Mona M Chheda; (xxiii) 1000 equity shares allotted to Khimji Gala; (xxiv) 500 equity shares allotted to Ratanben K Gala; (xxv) 500 equity shares allotted to Khimji Gala HUF (xxvi) 1,900 equity shares allotted to Satish Khimji Gala (xxvii) 1,000 equity shares allotted to Ranjan Satish Gala; (xxviii) 1,000 equity shares allotted to Satish Khimji Gala (HUF); (xxix) 500 equity shares allotted to Mitej Gala, minor (Satish Khimji Gala as guardian); (xxx) 1,000 equity shares allotted to Sanjay Khimji Gala; (xxxi) 500 equity shares allotted to Rita Gala; (xxxii) 500 equity shares allotted to Sanjay Gala (HUF); (xxxiii) 500 equity shares allotted to Kaival Gala, minor (Sanjay K Gala as guardian), (xxxiv) 500 equity shares allotted to Umesh Gala; (xxxv) 500 equity shares allotted to Neena Gala
		March 25, 1994	Form 2s and their respective challans for the allotment of the following equity shares of face value ₹10: (i) 40,000 equity shares allotted to Amrut T Shah; (ii) 40,000 equity shares allotted to Praful K Dedhia; (iii) 40,000 equity shares allotted to Kaushik Morarji Chheda and (iv) 40,000 equity shares allotted to Satish Khimji Gala
		March 5, 1999	Form 2s and their respective challans for the allotment of 104,000 equity shares of face value ₹10 to Abhishek Synthetics Private Limited
4.	Letters of renunciation and acceptance	March 30, 2015	Letters of renunciation and acceptance for the allotment of the following equity shares of face value ₹10: (i) 4,269,639 equity shares allotted to Dewan Housing Finance Corporation Limited; (ii) 4,473,461 equity shares allotted to Wadhawan Global Capital Private Limited; (iii) 43,670 equity shares allotted to Wadhawan Holdings Private Limited; (iv) 24,063 equity shares allotted to Wadhawan Consolidated Holdings Private Limited; (v) 24,063 equity shares allotted to Wadhawan Retail Ventures Private Limited,; (vi) 12,936 equity shares allotted to Kapil Wadhawan; (vii) 12,936 equity shares allotted to Dheeraj Wadhawan; (viii) 132 equity shares allotted to Sonpal Jain; (ix) 132 equity shares allotted to Mohit Chaturvedi and (x) 132 equity shares allotted to Ajay Vazirani
		March 29, 2016	Letters of renunciation and acceptance for the allotment of the following equity shares of face value ₹10: (i) 4,595,677 equity shares allotted to Wadhawan Global Capital Private Limited; (ii) 3,364,272 equity shares allotted to IFC; (iii) 73 equity shares allotted to Sonpal Jain; (iv) 73 equity shares allotted to Mohit Chaturvedi; (v) 73 equity shares allotted to Ajay Vazirani and (vi) 31 equity shares allotted to Hemant Bhatia
		July, 12, 2017	Letters of renunciation and acceptance for the allotment of the following equity shares of face value ₹10: (i) 5,025,155 equity shares allotted to Wadhawan Global Capital Private Limited; (ii) 4,275,420 equity shares allotted to Dewan Housing Finance Corporation Limited and (iii) 2,325,145 equity shares allotted to IFC
5.	Letter of offer, letters of renunciation, letters of acceptance and challan for form 2	January 23, 2013	Letter of offer, letters of renunciation and acceptance letters, and challan for form 2 for the allotment of the following equity shares of face value ₹10: (i) 1,426,471 equity shares allotted to Dewan Housing Finance Corporation Limited, (ii) 242,215 equity shares allotted to Kapil Wadhawan; (iii) 242,215 equity shares allotted to Dheeraj Wadhawan; (iv) 392,157 equity shares allotted to Wadhawan Holdings Private Limited; (v) 317,186 equity shares allotted to Wadhawan Consolidated Holdings Private Limited and (vi) 320,934 equity shares allotted to Wadhawan Retail Ventures Private Limited.
6.	FIRC	July 18, 2013	FIRC for the Form FCGPR for the allotment of 3,269,230 equity shares of face value ₹10 to IFC on July 18, 2013

7.	RBI acknowledgement for Form FCGPR	March 29, 2016	RBI acknowledgement for Form FCGPR in relation to the allotment of 3,364,272 equity shares of face value ₹10 to IFC on March 29, 2016
8.	Form no. 18 along with board resolution	Not available	Form and board resolution or the change in registered office of the Company from 25 C, Gyan Blog, Ramwadi, Kalbadevi, Bombay 400 002 to 46, Malaviya Road, Opp. Telephone Exchange, Mulund (West), Mumbai 400 080
9.	Form no. 1	Not available	Form 1 containing "declaration of compliance with the requirements of the Companies Act, 1956 on application for registration of a company"
10.	Form FCGPR	June 26, 2018	While RBI acknowledgement is available, RBI filing Form-FCGPR in relation to allotment of 3,612,358 equity shares of face value ₹ 10 to IFC

Further, pursuant to resolutions dated April 4, 2024 and April 26, 2024 passed by our Board and Shareholders respectively, our authorised share capital was sub-divided such that 125,911,616 equity shares of ₹10 each were sub-divided to 251,823,232 Equity Shares of ₹5 each. Accordingly, under Section 64 (1) of the Companies Act, 2013, read with rule 15 of Companies (Share Capital & Debentures) Rules, 2014, we are required to file the form SH-7 through the MCA portal. However, we have been unable to file the form SH-7 on the MCA portal due to technical issues and in this regard, we have reached out to the MCA portal. Further, we have raised complaints with the RoC in this regard, by way of raising few complaint tickets on the MCA website, by way of sending emails to the MCA help desk, explaining the issue and seeking speedy resolution. While we will continue to attempt filing of these forms on the MCA portal, we cannot assure you that such technical issues in respect of statutory filings will not occur in the future. Further, we cannot assure you that we will not be restricted form undertaking certain corporate actions in the future on account of delay in filing these forms.

While certain information in relation to these missing documents has been disclosed in the sections "*Capital Structure*" and "*History and Certain Corporate Matters*" beginning on pages 75 and 206, respectively, in this Draft Red Herring Prospectus, based on the corporate records of our Company and the certificate dated June 12, 2024, prepared by Sachin Manseta & Associates, practising company secretary, we may not be able to furnish any further information other than as already disclosed in "*Capital Structure*" and "*History and Certain Corporate Matters*" beginning on pages 75 and 206, respectively, or confirm that the records mentioned above will be available in the future. We also cannot assure you that we will not be subject to any adverse action by any authority in relation to such untraceable records.

Further, some of our corporate regulatory filings and records including forms filed with the RoC and minutes of our Board meetings have had certain factual or typographical errors and discrepancies in certain secretarial records and form filings maintained and filed by us. For instance, the minutes of the Board meeting held on October 15, 1992 erroneously recorded the number of shares being issued on such date as 40,000 instead of 39,600. Additionally, the paid-up share capital mentioned in the return of allotment with respect to the rights issue undertaken by the Company on January 23, 2013 was erroneously recorded as ₹35,411,780 instead of ₹ 34,511,780.

Accordingly, reliance has been placed on the register of members, minutes of the meeting of the Board and Shareholders. For details of such allotments, see "*Capital Structure–Share Capital History of our Company*" on page 75. We cannot assure you that, in future, we will not be subjected to any liability on account of such non-compliances. Although no legal proceeding or regulatory actions have been initiated or pending against us in relation to such untraceable secretarial and other corporate records and documents, if we are subject to any such liability, it may have a material adverse effect on our reputation, financial condition, cash flows and results of operations.

42. Our Promoter does not have adequate experience in our line of business and has not actively participated in the business activities we undertake, which may have an adverse impact on the management and operations of our Company.

Our Promoter does not have adequate experience in our line of business and has not actively participated in the business activities undertaken by us. For further details of our Promoter, see "*Our Promoter and Promoter Group*" on page 228. We cannot assure you that this lack of adequate experience will not have any adverse impact on the management and operations of our Company.

43. We may not remain preferred financer for those individuals who avail loan for higher studies with the view to also avail tax benefit in respect of the interest paid on the loan.

Section 80E of the Income Tax Act enables an assessee liable to pay tax to claim a deduction from their total income on the amount of interest they have paid towards a loan obtained for *higher education* purposes. This deduction is available for a maximum period of eight assessment years. However, a pre-condition to this deduction is that the loan must be availed from either a bank or an approved charitable institution or a financial institution notified by the Central Government pursuant to Section 80E(3)(b) of the Income Tax Act ("**Notified Institution**"). Presently, our company is not a Notified Institution. As such we may not have competitive advantage in comparison to the banks and other Notified Institution, in regard to the said tax benefits available to the customers.

44. We have contingent liabilities and our financial condition could be adversely affected if these contingent liabilities materialize.

The table below sets out our contingent liabilities (as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets), as of March 31, 2024:

Contingent Liabilities	**As of March 31, 2024 (₹ in million)**
Income Tax Matters: Appeals filed by the Company	31.68

In the event that any of our contingent liabilities materialize, our business, results of operations, financial condition and cash flows may be adversely affected. Moreover, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current Financial Year, or in the future.

45. Any termination or failure by us to renew the lease or leave and license agreements for our offices in an acceptable and timely manner, or at all, could adversely affect our business, results of operations, financial condition and cash flows.

As of March 31, 2024, our Registered Office and Corporate Office and 19 branches and sales representative offices are located on leased or licensed premises, none of which are owned by any Promoter, Director, KMP, Senior Management, their relatives or any person related directly or indirectly in any manner to our Company, or its Subsidiaries. The typical period for leases which are generally entered into by our Company for our branches ranges from one to nine years.

The lease or leave and license agreements can be terminated, and any such termination could result in any of our offices being shifted or shut down. Some of the lease or leave and license agreements may have expired in the ordinary course of business, and we are currently involved in negotiations for the renewal of these lease and leave and license agreements. While we have not faced major issues renewing the leases of our branch offices in the past, if these lease and leave 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, results of operations, financial condition and cash flows.

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

Certain Non-GAAP measures relating to our financial performance, such as, Net worth, Net interest, Average interest earning assets, Net interest margin, Average AUM, Operating expenses to Average AUM(%), Net total income, Cost to income ratio, Credit cost, Credit cost to Average Term loans (Gross) (%), Credit cost to Average AUM (%), Debt to Equity ratio, Return on total assets, Return on AUM, Return on Equity, Interest Income / Average AUM (%), Finance cost / Average AUM (%), Other Operating Income, Other Operating Income / Average AUM (%), Net total income / Average AUM (%), Pre Provisioning Operating Profit, Pre Provisioning Operating Profit / Average AUM (%), Profit before tax / Average AUM (%), Gross Stage 3 Loans (%), Net Stage 3 Loans (%), Provision Coverage Ratio, Net asset value per equity share, Total borrowings, Total Interest-earning assets, Average interest-earning assets / Average total assets (%), Average interest-bearing Liabilities / Average total assets (%), Average interest-earning assets / Average Interest bearing liabilities (%), Net yield on interest-earning assets (%), Yield on average Gross loan book (%), Average cost of borrowing, Spread (%), EBITDA, EBITDA to Total Income, Return on Net worth, Operating Expenses, Non Interest Income and Total equity to Total assets (%) presented in this Draft Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. Further, these non-GAAP Measures and other statistical information are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these non-GAAP Measures are not a standardized term, hence a direct comparison of similarly titled non-GAAP Measures between companies may not be possible. Other companies may calculate the non-GAAP Measures and other statistical information differently from us, limiting its utility as a comparative measure. Although the non-GAAP Measures and other statistical information are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance.

47. Our Predecessor Statutory Auditors' report included certain modifications; and statements on certain matters specified in the Companies (Auditor's Report) Order, 2020. If similar modifications and comments are included in the Predecessor Statutory Auditors' reports for our financial statements in the future, the trading price of our Equity Shares may be adversely affected.

For the Financial Year 2024:

The audit report dated April 30, 2024 issued by our Predecessor Statutory Auditors for our audited consolidated financial statements as of and for the financial year ended March 31, 2024 contains (i) under "Other Legal and Regulatory Requirements", certain modifications to indicate that in respect of certain software used by our Company and our Subsidiary for maintenance of books of account, the feature for recording audit trail (edit log) facility either did not operate throughout the period, or was not enabled (including for direct changes to database when using certain access rights), or that the auditors were not able to obtain sufficient and appropriate audit evidence to determine whether there were any instances of the audit trail feature being tampered with; and (ii) as an annexure, a statement on certain matters specified in the Companies (Auditor's Report) Order, 2020, as amended ("**CARO 2020**"), which was modified for the qualification or adverse remarks by the respective auditors in the CARO reports of the respective companies included in the consolidated financial statements to indicate (a) delay in payment of undisputed statutory dues by our Company; (b) irregularity of repayments or receipts in respect of loans granted by our Company; (c) amounts overdue for more than ninety days in respect of loans granted by our Company; and (d) cash losses incurred in the current and preceding financial year by our Subsidiary.

For the Financial Year 2023:

The audit report dated May 5, 2023 issued by our Predecessor Statutory Auditors for our audited consolidated financial statements as of and for the financial year ended March 31, 2023, included, as an annexure, a statement on certain matters specified in CARO 2020, which was modified to indicate (a) irregularity of repayments or receipts in respect of loans granted by our Company; and (b) amounts overdue for more than ninety days in respect of loans granted by our Company.

For the Financial Year 2022:

The audit report dated May 5, 2022 issued by our Predecessor Statutory Auditors for the audited standalone financial statements for the Financial Year 2022 included, as an annexure, a statement on certain matters specified in CARO 2020, which was modified to indicate (a) irregularity of repayments or receipts in respect of loans granted by our Company; and (b) amounts overdue for more than ninety days in respect of loans granted by our Company.

If similar modifications and comments are included in the audit reports for our financial statements in the future, the trading price of our Equity Shares may be adversely affected. For further details, see "*Restated Summary Statements*" on page 243.

48. Changing laws, rules and regulations, including taxation laws, may adversely affect our business, results of operations, financial condition and cash flows.

Change on the quantum of taxes and duties levied globally, or in the terms of international trade agreements, environmental regulation or other applicable laws may require us to incur additional costs. The Government of India has implemented a major reform in Indian tax laws, namely the GST. The indirect tax regime in India has undergone a complete overhaul. The indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise have been replaced by GST, with effect from July 1, 2017. The GST regime continues to be subject to amendments and its interpretation by the relevant regulatory authorities is constantly evolving. We cannot assure you that the relevant regulatory authorities will not make any material tax demands under GST on us in the future which could adversely impact our business, results of operations, financial condition, cash flows, and the price of the Equity Shares.

Earlier, distribution of dividends by a domestic company was subject to Dividend Distribution Tax ("**DDT**"), in the hands of the company. However, the Government has amended the Income Tax Act, 1961 ("**Income Tax Act**") to abolish the DDT regime. Accordingly, any dividend distribution by a domestic company is subject to tax in the hands of the investor at the applicable rate. Additionally, the domestic company is required to withhold tax on such dividends distributed at the applicable rate.

However, non-resident shareholders may claim benefit of an applicable tax treaty, read with the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (Multilateral Instrument), if and to the extent applicable, subject to satisfaction of certain conditions. We may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of withholding tax pursuant to any corporate action including dividends. Further, the Government of India has announced the interim union budget for the financial year 2024-2025 and has enacted the Finance Act, 2024. While the Finance Act, 2024 does not propose any significant changes to Income Tax Act, the full union budget which is likely to be announced later this year may introduce amendments to the Income Tax Act. There is no certainty on the impact of the full union budget on tax laws or other regulations, which may adversely affect our business, financial condition, results of operations or on the industry in which we operate. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning, investing or trading in our Equity Shares. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, goods and service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. The Income Tax 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. Due to the COVID-19 pandemic, the Government of India had also passed the Taxation and Other Laws (Relaxation of Certain Provisions) Act, 2020, implementing relaxations from certain requirements under, among others, the Central Goods and Services Tax Act, 2017 and Customs Tariff Act, 1975.

Further, we are obligated to pass on any benefits accruing to us as result of the transition to GST to the consumer thereby limiting our benefits. In order for us to utilize input credit under GST, the entire value chain has to be GST compliant, including us. While we are and will continue to adhere to the GST rules and regulations, there can be no assurance that our suppliers and dealers will do so. Any such failure may result in increased cost on account of non-compliance with the GST and may adversely affect our business, results of operations, financial condition and cash flows.

As an NBFC-ML, we are required to comply with various regulatory requirements such as the NBFC Scale Based Directions under which we are required to comply with certain compliances and conditions, including but not limited to: (i) prudential regulation; (ii) regulatory restrictions and limits; (iii) governance; (iv) fair practices; and (v) other miscellaneous instructions such as the opening of branches abroad and investment limits, among others.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, the likely nature and impact of the specific terms of any such laws or regulations or whether, if at all, any laws or regulations would have an adverse effect on our business.

Changing laws, rules or regulations and legal uncertainties including taxation laws, or their interpretation, such changes may significantly affect our financial statements.

49. The average cost of acquisition of Equity Shares of face value of ₹5 each by each of the Selling Shareholders may be less than the Offer Price.

The weighted average cost of acquisition of Equity Shares of face value of ₹5 each by each of the Selling Shareholders may be less than the Offer Price. The details of the weighted average cost of acquisition of Equity Shares of face value of ₹5 each held by each of the Selling Shareholders are set out below:

Name of the Shareholder	Number of Equity Shares of face value of ₹5 each held as on the date of this Draft Red Herring Prospectus^	Weighted average cost of acquisition per Equity Share of face value of ₹5 each (in ₹)*
Promoter *(also the Promoter selling shareholder)*		
Olive Vine	149,394,074	88.11
Investor Selling Shareholders		
IFC	29,081,784	79.23
Kedaara Capital	35,377,880	226.13

**As certified by V. C. Shah & Co, Chartered Accountants, by way of certificate dated July 31, 2024.*

^Pursuant to a resolution passed by our Board on April 4, 2024, and a resolution passed by the Shareholders on April 26, 2024, the Company has sub-divided 125,911,616 equity shares of face value of ₹10 each to 251,823,232 Equity Shares of face value of ₹5 each.

50. We have, in the last 12 months, issued Equity Shares at a price that could be lower than the Offer Price.

Except as stated in "*Capital Structure –Notes to Capital Structure –Share Capital History of our Company –Equity Share capital*" on page 75, we have not issued Equity Shares at prices that could be lower than the Offer Price during last one year from the date of this Draft Red Herring Prospectus. The prices at which Equity Shares have been issued by us in the last one year should not be taken to be indicative of the Price Band, Offer Price and the trading price of our Equity Shares of face value of ₹5 each after listing.

51. The bankruptcy code in India may affect our rights to recover loans from our borrowers.

The Insolvency and Bankruptcy Code, 2016 ("**IBC**") was notified on August 5, 2016. The IBC offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The IBC creates an institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which facilitate a formal and time-bound insolvency resolution and liquidation process. In case insolvency proceedings are initiated against a debtor to our Company or a debtor files for voluntary insolvency, we may not have complete control over the recovery of amounts due to us. Under the IBC, upon invocation of an insolvency resolution process, a moratorium on the enforcement of certain rights against the debtor is declared and a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a vote of not less than 75% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it.

In case a liquidation process is opted for, the IBC provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes and debts owed to employees. Further, under this process, dues owed to the Central and State Governments rank below the claims of secured creditors, and employee dues and unsecured financial creditors.

In cases where proceedings under the IBC are instituted against our Company's borrowers it may affect our Company's ability to recover our loans from such borrowers and enforcement of our Company's rights will be subject to the IBC.

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

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. The dividend distribution policy of our Company is in compliance with the RBI Circular No. RBI/2021-22/59 DOR.ACC.REC. No. 23/21.02.067/2021-22 dated June 24, 2021 and was approved and adopted by our Board on April 30, 2024. Any future determination as to the declaration and payment of dividends will be in accordance with the dividend policy and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. Additionally, our ability to pay dividends may also be restricted by the terms of financing arrangements that we may enter into. For details, see "*Financial Indebtedness*" on page 372.

No dividend on Equity Shares has been declared or paid by our Company during the last three Financial Years, and from April 1, 2024 till the date of this Draft Red Herring Prospectus. However, we cannot assure you that we will be able to pay dividends in the future. For further details, see "*Dividend Policy*" on page 231.

53. Our Promoter will continue to have significant influence over our Company and business after the completion of the Offer and any substantial change in our Promoters' shareholding may have an impact on the trading price of our Equity Shares of face value of ₹5 each which could have an adverse effect on our business, financial condition, results of operations and cash flows.

Following completion of the Offer, our Promoter will continue to hold a significant percentage of our Equity Share capital. Our Promoter holds 149,394,074 Equity Shares, representing 58.38% of the fully-diluted issued, subscribed and paid-up Equity Share capital of our Company. Upon completion of the Offer, our Promoter will hold [●]% of our Equity Share capital. For details of our Equity Shares of face value of ₹5 each held by our Promoter, see "*Capital Structure – History of build-up of Promoters' shareholding and lock-in of Promoters' shareholding (including Promoters' contribution) – Build-up of Promoters' shareholding in our Company*" on page 81. Our Promoter will, therefore, be able to influence the outcome of matters submitted to our Board or Shareholders for approval. After the Offer, our Promoter will continue to exercise significant influence over our business and major policy decisions. The trading price of our Equity Shares of face value of ₹5 each could be adversely affected if potential new investors are disinclined to invest in us because they perceive disadvantages to a large shareholding being concentrated in our Promoter.

54. Upon listing of the Equity Shares, we may be subject to pre-emptive surveillance measures, such as the additional surveillance measures and the graded surveillance measures by the Stock Exchanges in order to enhance the integrity of the market and safeguard the interest of investors.

Upon listing of the Equity Shares, we may be subject to various enhanced pre-emptive surveillance measures such as additional surveillance measures ("**ASM**") and graded surveillance measures ("**GSM**") by the Stock Exchanges. These measures are in place to enhance the integrity of the market and safeguard the interest of investors. ASM and GSM are imposed on securities of companies based on various objective criteria, which includes market based parameters such as significant variations in price and volume, concentration of client accounts as a percentage of combined trading volume, close to close price variation, market capitalization, average daily trading volume and its change, and average delivery percentage, among others. Securities are subject to GSM when its price is not commensurate with the financial health and fundamentals of the issuer. Specific parameters for GSM include net worth, net fixed assets, price to earning ratio, market capitalization and price to book value, among others. Factors within and beyond our control may lead to our securities being subject to GSM or ASM.

Upon listing, the trading of our Equity Shares of face value of ₹5 each would be subject to differing market conditions as well as other factors which may result in high volatility in price, low trading volumes, and a large concentration of client accounts as a percentage of combined trading volume of our Equity Shares. The occurrence of any of the abovementioned factors or other circumstances may trigger any of the parameters prescribed by SEBI and the Stock Exchanges for placing our securities under the GSM and/or ASM framework or any other surveillance measures, which could result in significant restrictions on trading of our Equity Shares of face value of ₹5 each being imposed by SEBI and the Stock Exchanges. In the event our Equity Shares of face value of ₹5 each are subject to such surveillance measures implemented by any of the Stock Exchanges, we may be subject to certain additional restrictions in connection with trading of our Equity Shares of face value of ₹5 each such as requiring higher margin requirements, requirement of settlement on a trade for trade basis without netting off, reduction of applicable price band, requirement of settlement on gross basis, as well as mentioning of our Equity Shares of face value of ₹5 each on the surveillance dashboards of the Stock Exchanges, limiting trading frequency (for example, trading either allowed once in a week or a month) or freezing of price on upper side of trading which may have an adverse effect on the market price of our Equity Shares of face value of ₹5 each or may in general cause disruptions in the development of an active trading market for our Equity Shares.

55. A portion of the proceeds from this Offer aggregating up to ₹25,000 million will not be available to us.

As this Offer includes an Offer for Sale of Equity Shares of face value of ₹5 each by the Selling Shareholders aggregating up to ₹25,000 million, the proceeds from the Offer for Sale net of proportionate Offer Expenses will be remitted to each of the Selling Shareholders, to the extent of its respective portion of Offered Shares. Our Company will not receive any proceeds from the Offer for Sale aggregating up to ₹25,000 million and will only be entitled to the Net Proceeds, which will be the proceeds of the Fresh Issue aggregating to up to ₹10,000 million, less our Company's share of the Offer-related expenses. For details in relation to the Offer, see "The *Offer*" and "*Objects of the Offer*" on pages 60 and 96, respectively.

56. The Equity Shares of face value of ₹5 each have never been publicly traded, and, after the Offer, the Equity Shares of face value of ₹5 each may experience price and volume fluctuations, and an active trading market for the Equity Shares of face value of ₹5 each may not develop. Further, the Offer Price, market capitalization to revenue from operations multiple, price to revenue from operations ratio 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 of face value of ₹5 each on listing.

Our market capitalization to revenue from operations for the Financial Year 2024 multiple is [●] times at the upper end of the Price Band and [●] times at the lower end of the Price Band, and our price to earnings ratio multiple for Financial Year 2024 is [●] times at the upper end of the Price Band and [●] times at the lower end of the Price Band. The table below provides details of our price to earnings ratio and market capitalization to revenue from operations at Offer Price:

Particulars	Price to earnings ratio*	Market capitalization to revenue from operations* (₹ million)
Financial Year 2024	[●]	[●]

*Considering the Offer Price

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation do not guarantee that a market for the Equity Shares of face value of ₹5 each will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares of face value of ₹5 each is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares of face value of ₹5 each at the time of commencement of trading of the Equity Shares of face value of ₹5 each or at any time thereafter. The market price of the Equity Shares of face value of ₹5 each may be subject to significant fluctuations in response to, among other factors, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors. 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 prices. For further details, see "*Other Regulatory and Statutory Disclosures – Price information of past issues handled by the BRLMs*" on page 395.

EXTERNAL RISK FACTORS

Risks Related to India

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

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

- downgrade of India's sovereign debt rating by an independent agency;
- political instability, resulting from a change in governmental or economic and fiscal policies, may adversely affect economic conditions in India. In recent years, India has implemented various economic and political reforms. Reforms in relation to land acquisition policies and trade barriers have led to increased incidents of social unrest in India over which we have no control;
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war;
- India has experienced epidemics, and natural calamities such as earthquakes, tsunamis, floods, and drought in recent years;
- geopolitical factors may impact the immigration policies and regulations for students going abroad to study; and
- appreciation of the Indian rupee against other currencies will impact disbursement to the extent of the currency appreciation.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations, financial condition, cash flows, and the price of the Equity Shares. Conditions outside India may also contribute to a slowdown in the Indian economy or changes in India's economic policies and regulations, which could adversely affect the level of trading activity in the securities market, such as the Russia-Ukraine war, power shortages in Europe, and rising inflation rates globally. Our performance and the growth of our business depend on the overall performance of the Indian economy as well as the economies of the regional markets in which we operate.

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

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. Any significant social, political or economic disruptions, or natural calamities or civil disruptions in other countries, or changes in policies, or governments in these countries could disrupt our business and operations, require us to incur significant expenditure and change our business strategies. The occurrence of, or our inability to effectively respond to any such event, could have an adverse effect on our business, results of operations, financial condition and cash flows. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares.

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

Inflation rates could be volatile, and we may face high inflation in the future as witnessed in the past. Increased inflation can contribute to an increase in interest rates and may also lead to a slowdown in the economy and adversely impact credit growth. High fluctuations in inflation rates may also make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our operating expenses, which we may not be able to pass on to our borrowers, whether entirely or in part, and the same may adversely affect our business and financial condition. In such case, our business, results of operations, financial condition and cash flows may be adversely affected.

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

60. Investors may not be able to enforce a judgment of a foreign court against our Company, outside India. Further, it may not be possible for investors to enforce any judgment obtained outside India against IFC or institute or enforce any action against IFC in India.

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

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908 ("**CPC**"). 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 a limited number of jurisdictions, which includes, the United Kingdom, Singapore, UAE, and Hong Kong. In order to be enforceable, a judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the CPC. 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 federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the CPC as a decree of an Indian court.

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

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

Under the provisions of the International Finance Corporation (Status, Immunities and Privileges) Act, 1958 and the United Nations (Privileges and Immunities) Act, 1947, IFC, one of the Investor Selling Shareholders, has certain immunities, including from legal process, search, requisition, confiscation, expropriation or any other seizure or attachment in respect of its properties and assets, in India. Additionally, all officers and employees of IFC are immune from legal process with respect to acts performed by them in their official capacity. There can be no assurance that you will be able to institute or enforce any action against IFC in India. Similar limitations may exist in other jurisdictions including the United States of America.

61. 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 ownership of Indian securities is subject to Government regulation. Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the pricing and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which the shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT which has been incorporated as the proviso to Rule 6(a) of the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares a land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the Consolidated FDI Policy dated October 15, 2020, and the FEMA Rules. These investment restrictions shall also apply to subscribers of offshore derivative instruments. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular term or at all. For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 433.

62. Significant differences exist between Ind AS and other accounting principles, such as Indian Generally Accepted Accounting Principles, U.S. Generally Accepted Accounting Principles and International Financial Reporting Standards, which may be material to investors' assessments of our financial condition.

The Restated Summary Statements included in this Draft Red Herring Prospectus have been derived from our audited consolidated financial statements prepared in accordance with Ind AS and restated in accordance with SEBI ICDR Regulations and the Guidance Note. There are significant differences between Ind AS, Indian GAAP, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, Ind AS, the Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should, accordingly, be limited.

63. Rights of shareholders under Indian laws may differ to those 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 including in relation to class actions, under Indian law may not be as extensive and wide spread as the 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.

64. Our ability to raise foreign debt may be constrained by Indian law.

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

65. 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 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 of face value of ₹5 each 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 Takeover Regulations. Further, as per the NBFC Scale Based Regulations, any takeover or acquisition of control of our Company, which may or may not result in change of management, would require a prior written permission from the RBI. For further details, see "*Other Regulatory and Statutory Disclosures*" on page 386.

RISKS RELATED TO THE OFFER

66. 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 of an Indian company are generally taxable in India. Capital gains arising from the sale of the Equity Shares of face value of ₹5 each may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares. The Finance Act, 2019 has clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of certain securities, other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments have come into effect from July 1, 2020. 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. Further, the Finance Act, 2021, which followed, removed the requirement for DDT to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. We 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.

Under Section 80E of the Income Tax Act, interest paid on loans availed to pursue higher education is deductible from the taxable income of an assessee. However, the said deduction is only applicable to higher education loans extended by: (a) banking companies regulated by the Banking Regulation Act, 1949 and (b) other financial institutions notified by the Central Government under Section 80E of the Income Tax Act. Since our Company is an NBFC and has not been recognized as a financial institution under Section 80E of the Income Tax Act, our customers to whom we extend loans for higher education may not be able to claim a deduction of the interest payment from their taxable income in terms of Section 80E of the Income Tax Act. This may affect our competitive advantage as a preferred financier in comparison to those entities that qualify as a banking company or financial institution under Section 80E of the Income Tax Act.

The Government of India has recently announced the Union Budget for the Financial Year 2024-25(“**Budget**”). Pursuant to the Budget, the Finance Bill, 2024, *inter alia*, proposes to amend the capital gains tax rates, with effect from the date of announcement of the Budget. However, since the Finance Bill, 2024 have not yet been enacted into law, the Bidders are advised to consult their own tax advisors to understand their tax liability as per the laws prevailing on the date of disposal of Equity Shares.

Unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

67. 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 of face value of ₹5 each will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares of face value of ₹5 each will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares of face value of ₹5 each may reduce the proceeds received by the Shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on our Equity Shares, independent of our operating results.

68. Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by us may dilute your shareholding and adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares of face value of ₹5 each by us, including through exercise of employee stock options may dilute your shareholding in our Company, adversely affect the trading price of the Equity Shares of face value of ₹5 each and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares of face value of ₹5 each. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares of face value of ₹5 each by any of our Promoter, or other significant Shareholders, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. Except as disclosed in “*Capital Structure*” on page 75, we cannot assure you that our Promoter will not dispose of, pledge or encumber their Equity Shares of face value of ₹5 each in the future.

69. Holders of Equity Shares of face value of ₹5 each may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.

A public company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company would be diluted.

70. Qualified Institutional Buyers and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares of face value of ₹5 each or the Bid Amount) at any stage after submitting a Bid.

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares of face value of ₹5 each or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise or withdraw their Bids at any time during the Bid/Offer Period and until the Bid/Offer Closing date, but not thereafter. While our Company is required to complete Allotment pursuant to the Offer within such period as may be prescribed under applicable law, events affecting the Bidders' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation, financial condition or cash flows may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares of face value of ₹5 each even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares of face value of ₹5 each Allotted pursuant to the Offer or cause the trading price of the Equity Shares of face value of ₹5 each to decline on listing.

71. Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares of face value of ₹5 they purchase in the Offer.

The Equity Shares of face value of ₹5 will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares of face value of ₹5 can be listed and trading in the Equity Shares of face value of ₹5 may commence. The Allotment of Equity Shares of face value of ₹5 each in this Offer and the credit of such Equity Shares of face value of ₹5 each to the applicant's demat account with depository participant and listing is expected to commence within the period as may be prescribed under the applicable laws. Any failure or delay in obtaining the approval or otherwise any delay in commencing trading in the Equity Shares of face value of ₹5 each would restrict investors' ability to dispose their Equity Shares. We cannot assure that the Equity Shares of face value of ₹5 each will be credited to investors' demat accounts, or that trading in the Equity Shares of face value of ₹5 each will commence, within the time periods prescribed under applicable law.

SECTION III: INTRODUCTION

THE OFFER

The following table summarizes the Offer details:

Offer of Equity Shares of face value of ₹5 each[(1)(2)]	Up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹35,000.00 million
Of which:	
(i) Fresh Issue[(1)]	Up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹10,000.00 million
(ii) Offer for Sale[(2)]	Up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹25,000.00 million
The Offer consists of:	
(A) QIB Portion[(3)(4)]	Not more than [●] Equity Shares of face value of ₹5 each aggregating up to ₹[●] million
of which:	
Anchor Investor Portion[(4)]	Up to [●] Equity Shares of face value of ₹5 each
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares of face value of ₹5 each
of which:	
Available for allocation to Mutual Funds only (5% of the Net QIB Portion)[(4)]	[●] Equity Shares of face value of ₹5 each
Balance of QIB Portion for all QIBs including Mutual Funds	[●] Equity Shares of face value of ₹5 each
(B) Non-Institutional Portion[(3)(5)]	Not less than [●] Equity Shares of face value of ₹5 each
Of which:	
One-third of the Non-Institutional Portion available for allocation to Bidders with an application size of more than ₹0.20 million and up to ₹0.10 million	[●] Equity Shares of face value of ₹5 each
Two-thirds of the Non-Institutional Portion available for allocation to Bidders with an application size of more than ₹0.10 million	[●] Equity Shares of face value of ₹5 each
(C) Retail Portion[(3)]	Not less than [●] Equity Shares of face value of ₹5 each
Pre-Offer and post-Offer Equity Shares	
Equity Shares of face value of ₹5 each outstanding prior to the Offer	251,823,232 Equity Shares of face value of ₹5 each
Equity Shares of face value of ₹5 each outstanding after the Offer	[●] Equity Shares of face value of ₹5 each
Use of Net Proceeds of the Offer	See "*Objects of the Offer*" on page 96 for details regarding the use of Net Proceeds. Our Company will not receive any proceeds from the Offer for Sale.

(1) *The Fresh Issue has been approved by our Board pursuant to the resolution passed at its meeting held on April 30, 2024 and June 19, 2024 and by our Shareholders pursuant to a special resolution passed at their meeting held on June 20, 2024.*

(2) *Our Board has taken on record the consent for the Offer for Sale by each of the Selling Shareholders pursuant to its resolution dated June 19, 2024. Each of the Selling Shareholders, severally and not jointly, has authorized its participation in the Offer for Sale in relation to its respective portion of the Offered Shares. Each of the Selling Shareholders, severally and not jointly, has confirmed that its respective portion of the Offered Shares has been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus. Therefore, the Equity Shares of face value of ₹5 each that will be offered by each Selling Shareholder in the Offer for Sale are eligible to be offered for sale in the Offer in terms of Regulation 8 of the SEBI ICDR Regulations. The details of such authorisations are provided below:*

Sr. No	*Name of the Selling Shareholder*	*Aggregate proceeds from the Offered Shares*	*Number of Offered Shares*	*Date of board resolution/ authorization*	*Date of consent letter*
1.	*Olive Vine*	*Up to ₹17,580.00 million*	*Up to [●] Equity Shares*	*June 3, 2024*	*June 12, 2024*
2.	*IFC*	*Up to ₹3,420.00 million*	*Up to [●] Equity Shares*	*N.A.*	*June 19, 2024*
3.	*Kedaara Capital*	*Up to ₹4,000.00 million*	*Up to [●] Equity Shares*	*May 22, 2024*	*June 13, 2024*

(3) *Subject to valid bids being received at or above the Offer Price, under subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company, in consultation with the BRLMs, and the Designated Stock Exchange, subject to applicable laws. 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 Selling Shareholders in the Offer for Sale in proportion to the Offered Shared being offered by each Selling Shareholder; and (ii) through the issuance of balance part of the Fresh Issue. In the event of under-subscription in the Offer, Equity Shares of face value of ₹5 each shall be allocated in the manner specified in "Terms of the Offer" beginning on page 406.*

(4) *Our Company and the Selling Shareholders, in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the remaining Equity Shares of face value of ₹5 each shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares of face value of ₹5 each, the balance Equity Shares of face*

value of ₹5 each available for allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see "Offer Procedure" on page 414. Allocation to all categories shall be made in accordance with the SEBI ICDR Regulations.

(5) *The Equity Shares of face value of ₹5 each available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹0.20 million and up to ₹0.10 million, and (ii) two-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹0.10 million, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders. The allotment to each Non-Institutional Bidder shall not be less than the minimum application size, subject to the availability of Equity Shares of face value of ₹5 each in the Non- Institutional Portion, and the remaining Equity Shares of face value of ₹5 each, if any, shall be allotted on a proportionate basis.*

Allocation to all categories, except the Anchor Investor Portion, Non-Institutional Portion and the Retail Portion if any, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price, as applicable. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares of face value of ₹5 each in the Retail Portion and the remaining available Equity Shares of face value of ₹5 each, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis in accordance with the SEBI ICDR Regulations. For further details, see "*Offer Procedure*" and "*Offer Structure*" on pages 414 and 411, respectively. For details of the terms of the Offer, see "*Terms of the Offer*" on page 406.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Restated Summary Statements for the Financial Years ended March 31, 2024, and March 31, 2023 on a consolidated basis and March 31, 2022 on a standalone basis. The summary of financial information presented below should be read in conjunction with "*Restated Summary Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 243 and 348, respectively.

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SUMMARY OF RESTATED BALANCE SHEET

(₹ in millions)

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
ASSETS			
Financial assets			
Cash and cash equivalents	13,007.60	7,870.77	3,252.67
Bank balances other than cash and cash equivalents	2,296.07	3,428.18	3,321.65
Derivative financial instruments	3.32	147.21	35.10
Trade receivables	91.94	83.30	26.92
Loans	123,968.20	83,712.24	47,159.87
Investments	2,431.46	644.17	127.35
Other financial assets	145.04	593.86	34.56
	141,943.63	**96,479.73**	**53,958.12**
Non-Financial assets			
Current tax assets (net)	190.60	195.28	27.67
Deferred tax assets (net)	94.77	225.02	191.42
Property, plant and equipment	233.11	130.88	66.28
Right of use assets	440.16	34.86	48.78
Intangible assets under development	112.89	46.41	10.80
Other intangible assets	135.18	63.45	77.57
Capital work-in-progress	88.67	-	-
Other non-financial assets	199.34	123.88	149.51
	1,494.72	**819.78**	**572.03**
Total Assets	**143,438.35**	**97,299.51**	**54,530.15**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Derivative financial instruments	116.39	-	-
Trade payables			
- total outstanding dues of micro and small enterprises	0.85	7.77	3.77
- total outstanding dues of creditors other than micro and small enterprises	750.22	539.60	337.88
Debt securities	30,534.36	28,238.75	11,552.95
Borrowings (other than debt securities)	70,313.34	43,091.77	28,680.34
Subordinated liabilities	504.75	770.73	769.50
Other financial liabilities	4,250.17	3,053.83	3,006.34
	106,470.08	**75,702.45**	**44,350.78**
Non-Financial Liabilities			
Current tax liabilities (net)	-	-	19.24
Provisions	30.25	13.67	7.46
Other non-financial liabilities	170.85	86.17	56.03
	201.10	**99.84**	**82.73**
EQUITY			
Equity share capital	1,259.12	1,066.38	825.92
Other equity	35,508.05	20,430.84	9,270.72
Total equity	**36,767.17**	**21,497.22**	**10,096.64**
Total Liabilities and Equity	**143,438.35**	**97,299.51**	**54,530.15**

SUMMARY OF RESTATED STATEMENT OF PROFIT AND LOSS (INCLUDING OTHER COMPREHENSIVE INCOME)

(₹ in millions except otherwise stated)

Particulars	For the year ended March 31, 2024 (Consolidated)	For the year ended March 31, 2023 (Consolidated)	For the year ended March 31, 2022 (Standalone)
Income			
Revenue from operations			
Interest income	14,437.28	8,930.82	4,764.50
Fees and commission income	1,842.97	669.38	278.93
Net gain on fair value changes	132.49	66.03	39.41
Net gain on derecognition of financial instrument on amortized cost basis	856.86	229.74	-
Total revenue from operations	**17,269.60**	**9,895.97**	**5,082.84**
Other income	18.46	6.32	2.57
Total income	**17,288.06**	**9,902.29**	**5,085.41**
Expenses			
Finance costs	8,756.38	5,398.43	2,738.87
Impairment on financial instruments	795.92	465.89	190.82
Employee benefits expense	1,408.89	948.22	660.90
Depreciation and amortization expense	206.06	133.01	128.77
Other expenses	1,527.89	843.59	511.45
Total expenses	**12,695.14**	**7,789.14**	**4,230.81**
Profit before tax	**4,592.92**	**2,113.15**	**854.60**
Tax expense			
Current tax	996.87	572.79	298.34
Deferred tax	172.02	(36.75)	(75.81)
Total tax expense	**1,168.89**	**536.04**	**222.53**
Net profit for the year	**3,424.03**	**1,577.11**	**632.07**
Other comprehensive income			
(A) Items that will not be reclassified to profit or loss			
(i) Re-measurement gains/(losses) on defined benefit plans	(1.80)	2.38	1.65
(ii) Income tax on above	0.45	(0.60)	(0.42)
Subtotal (A)	**(1.35)**	**1.78**	**1.23**
(B) Items that will be reclassified to profit or loss			
(i) Exchange differences on translating the financial statements of a foreign operation	3.53	-	-
(ii) Net movement on Effective portion of Cash Flow Hedges	(132.62)	28.41	13.89
(iii) Income tax on (ii) above	33.38	(7.15)	(3.50)
Subtotal (B)	**(95.71)**	**21.26**	**10.39**
Total other comprehensive income/ (loss) (A+B)	**(97.06)**	**23.04**	**11.62**
Total comprehensive income	**3,326.97**	**1,600.15**	**643.69**
Earnings per equity share			
(Face value of Rs. 5/- each)			
Basic (Rs.)	15.40	8.66	3.83
Diluted (Rs.)	15.05	8.50	3.78

SUMMARY OF RESTATED STATEMENT OF CASH FLOW

(₹ in millions)

Particulars	For the year ended March 31, 2024 (Consolidated)	For the year ended March 31, 2023 (Consolidated)	For the year ended March 31, 2022 (Standalone)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	4,592.92	2,113.15	854.60
Adjustment for:			
Interest income on loans	(13,864.33)	(8,554.85)	(4,617.16)
Depreciation and amortization expenses	206.06	133.01	128.77
Net gain on fair value changes	(132.49)	(66.03)	(39.41)
Interest expense on borrowings	8,695.31	4,826.47	2,466.80
Interest on fixed deposits	(450.93)	(353.61)	(147.01)
Interest Income from Treasury bills	(122.02)	(22.36)	(0.03)
Provision for impairment on financial instruments	332.12	183.81	146.54
Bad debts written off	463.80	282.08	44.28
Employee share based payment expenses	74.79	49.02	36.92
Finance cost on lease liability	8.09	5.72	8.95
(Profit)/Loss on sale of property, plant and equipments	(0.02)	(1.04)	-
Cash used in operation before working capital changes and adjustment for interest received and paid	**(196.70)**	**(1,404.63)**	**(1,117.05)**
Operational cash flows from interest			
Interest received on loans	5,711.06	5,254.27	3,614.83
Interest paid on borrowings	(8,024.42)	(4,184.69)	(2,485.10)
Cash (used in)/generated from operation before working capital changes	**(2,510.06)**	**(335.05)**	**12.68**
Working capital changes			
Adjustment for:			
(Increase)/Decrease in loans	(32,898.61)	(33,740.14)	(17,039.59)
(Increase)/Decrease in other non-financial assets	(75.46)	25.63	(38.78)
(Increase)/Decrease in financial assets	448.84	(559.92)	(0.04)
(Increase)/Decrease in trade receivables	(8.64)	(56.38)	(0.97)
(Decrease)/Increase in financial liabilities	774.85	(139.56)	2,298.51
(Decrease)/Increase in trade payables	203.70	205.72	166.23
(Decrease)/Increase in non financial liabilities	84.67	30.14	22.74
(Decrease)/Increase in Provisions	14.78	8.59	4.74
Cash (used in) operations	**(33,965.93)**	**(34,560.97)**	**(14,574.48)**
Direct taxes paid (net)	(984.26)	(764.23)	(330.34)
Net cash (used in) operating activities	**(34,950.19)**	**(35,325.20)**	**(14,904.82)**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Investments in mutual fund units at FVTPL	(95,795.21)	(41,348.55)	(23,748.86)
Sale of mutual fund units at FVTPL	95,927.70	41,414.58	24,338.51
Investments in Treasury Bills at amortized cost	(14,215.27)	(1,374.46)	(127.35)
Redemption of Treasury Bills	12,550.00	880.00	-
Interest received on fixed deposits	451.77	353.60	147.01
Purchase of property, plant & equipment and intangible assets	(481.84)	(197.68)	(92.69)
Sale of property, plant & equipment	0.57	7.35	-
Fixed deposit not considered as cash and cash equivalents (net)	1,132.11	(106.53)	(144.10)
Net cash (used in)/generated from investment activities	**(430.17)**	**(371.69)**	**372.52**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity share (including securities premium)	11,891.77	9,751.41	-
Debt securities & subordinated liabilities issued	11,800.00	22,760.02	8,600.00
Debt securities & subordinated liabilities repaid	(10,700.00)	(6,550.00)	(6,000.00)
Borrowings (other than debt securities) taken	41,849.88	21,690.39	17,696.53
Borrowings (other than debt securities) repaid	(14,425.60)	(7,101.21)	(3,664.74)
Proceeds from short-term borrowings (net)	162.87	(200.00)	1.19
Payment towards lease liability	(61.73)	(35.62)	(35.69)
Net cash generated from financing activities	**40,517.19**	**40,314.99**	**16,597.29**
Net Increase/(decrease) in Cash and cash equivalents (A+B+C)	5,136.83	4,618.10	2,064.99
Cash and cash equivalents at the beginning of the year	7,870.77	3,252.67	1,187.68

(₹ in millions)

Particulars	For the year ended March 31, 2024 (Consolidated)	For the year ended March 31, 2023 (Consolidated)	For the year ended March 31, 2022 (Standalone)
Cash and cash equivalents at the end of the year	**13,007.60**	**7,870.77**	**3,252.67**
Cash and cash equivalents at the end of the year comprises of:			
Cash in hand	0.24	0.10	0.08
Balance with banks			
- In Current accounts	3,462.99	1,238.88	1,001.91
- In fixed deposit (with original maturity of 3 months or less)	9,543.84	6,631.79	2,250.68
Cheques on hand	0.53	-	-
Total	**13,007.60**	**7,870.77**	**3,252.67**

GENERAL INFORMATION

Corporate Identity Number: U67120MH1992PLC068060

Company Registration Number: 068060

RBI Registration Number: B 13.01704

Registered and Corporate Office of our Company

Avanse Financial Services Limited
4th floor, E-Wing,
Times Square, Andheri- Kurla Road,
Gamdevi, Marol, Andheri East,
Mumbai 400 059,
Maharashtra, India

For details in relation to our incorporation, the changes to our name and the registered office of our Company, see "*History and Certain Corporate Matters – Brief History of our Company*" and "*History and Certain Corporate Matters – Changes in our Registered Office*" on page 206.

Address of the RoC

Our Company is registered with the RoC, situated at the following address:
The Registrar of Companies, Maharashtra at Mumbai
100, Everest Marine Drive
Mumbai 400 002
Maharashtra, India

Board of Directors

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

Name	Designation	DIN	Address
Neeraj Swaroop	Chairman and Independent Director	00061170	1104, Signia Isles, G Block, Near Dhirubhai International School, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India
Amit Gainda	Managing Director and Chief Executive Officer	09494847	A 003, Lower First, Oberoi Exquisite, behind Oberoi Mall, Goregaon East, Mumbai 400 063, Maharashtra, India
Narendra Ostawal	Non–Executive Director*	06530414	Flat No. B 4101, One Avighna Park, Currey Road, Mumbai, Maharashtra 400 012, India
Hemant Omprakash Mundra	Non–Executive Director*	08192978	Bungalow No. 48, Pratishthaavas, Ghod Dod Road, Surat City, 395 007, Gujarat, India
Sunish Sharma	Non–Executive Director#	00274432	1305, North Tower, The Imperial, B B Nakashe Marg, Tardeo, Mumbai, Tulsiwadi, Mumbai City, Maharashtra, 400 034
Luca Molinari	Non–Executive Director^	10615114	W 62, Plot 30, Type V2, Villa 35 (W50_01-64) PO Box 45005, Abu Dhabi, UAE
Vijayalakshmi R. Iyer	Independent Director	05242960	1402 Burberry Tower, Nahar Amrit Shakti Gate-7, Chandivali, Powai, Andheri East, Mumbai 400 072, Maharashtra, India
Ravi Venkatraman	Independent Director	00307328	A/4 Plot No. NA-52, New Samrat Society, Andheri Kurla Road, Opp. Vishal Hall, Andheri (East), Mumbai 400 069, Maharashtra, India
Savita Mahajan	Independent Director	06492679	Town House No. 3, 222, Rajpur Road, Max Estates, Rajpur 248 009, Dehradun, India

* *Nominee directors of Olive Vine.*
\# *Nominee director of Kedaara Capital and Kedaara Pichola.*
^ *Nominee director of Alpha.*

For further details of our Directors, see "*Our Management*" beginning on page 212.

Company Secretary and Compliance Officer

Rajesh Pravinkumar Gandhi is our Company Secretary and Compliance Officer. His contact details are as set forth below:

Rajesh Pravinkumar Gandhi
4th floor, E Wing
Times Square Building
Andheri Kurla Road, Andheri (East)
Mumbai 400 059
Maharashtra, India
Tel: +91 22 6859 9999
E-mail: companysecretary@avanse.com

Book Running Lead Managers

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

Avendus Capital Private Limited
Platina Building, 9th Floor
901, Plot No C-59
Bandra-Kurla Complex, Bandra (East)
Mumbai 400 051
Maharashtra, India
Tel.: +91 22 6648 0050
E-mail: Avanse.ipo@avendus.com
Website: http://www.avendus.com
Investor Grievance E-mail: investorgrievance@avendus.com
Contact Person: Sarthak Sawa / Shantanu Chate
SEBI Registration No.: INM000011021

J. P. Morgan India Private Limited
J.P. Morgan Tower
Off C.S.T Road, Kalina
Santacruz East
Mumbai 400 098
Maharashtra, India
Tel: +91 22 6157 3000
E-mail: AVANSE_IPO@jpmorgan.com
Investor Grievance E-mail: investorsmb.jpmipl@jpmorgan.com
Website: www.jpmipl.com
Contact Person: Akhand Dua
SEBI Registration No.: INM000002970

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

Nuvama Wealth Management Limited
(*formerly known as Edelweiss Securities Limited*)
801 - 804, Wing A, Building No 3
Inspire BKC, G Block
Bandra Kurla Complex, Bandra East
Mumbai 400 051
Maharashtra, India
Tel.: +91 22 4009 4400
Email: avanse.IPO@nuvama.com
Investor Grievance E-mail: customerservice.mb@nuvama.com
Website: www.nuvama.com
Contact Person: Pari Vaya
SEBI Registration No.: INM000013004

SBI Capital Markets Limited
1501, 15th floor, A & B Wing
Parinee Crescenzo Building, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Maharashtra, India
Tel.: +91 22 4006 9807
E-mail: avanse.ipo@sbicaps.com
Investor Grievance E-mail: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Sambit Rath / Karan Savardekar
SEBI Registration No.: INM000003531

Legal Advisor to the Offer

Indian Legal Advisor to our Company

Cyril Amarchand Mangaldas
3rd Floor, Prestige Falcon Towers
19, Brunton Road
Bengaluru 560 025
Karnataka, India

Tel: +91 806 792 2000

Registrar to the Offer

Link Intime India Private Limited
C-101, 1st Floor
247 Park, L.B.S. Marg
Vikhroli West
Mumbai 400 083
Maharashtra, India
Tel: +91 810 811 4949
Email: avanse.ipo@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievance ID: avanse.ipo@linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration Number: INR000004058

Current Statutory Auditor

Walker Chandiok & Co LLP
16th floor, Tower III, One International Centre,
S B Marg, Prabhadevi (W),
Mumbai 400 013,
Maharashtra, India
Email: manish.gujral@walkerchandiok.in
Tel: +91 22 6626 2699
Peer Review Number: 014158
Firm Registration Number: 001076N/N500013

Predecessor Statutory Auditor

S.R. Batliboi & Co. LLP
12th Floor, The Ruby, 29 Senapati Bapat Marg
Dadar, Mumbai 400 028
Maharashtra, India
Email: SRBC@srb.in
Tel.: +91 22 6819 8000
Peer Review Number: 013326
Firm Registration Number: 301003E/E300005

Changes in Auditors

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

Particulars	Date of change	Reasons for change
Walker Chandiok & Co LLP 16th floor, Tower III, One International Centre, S B Marg, Prabhadevi (W), Mumbai 400 013, Maharashtra, India **Email:** manish.gujral@walkerchandiok.in **Tel:** +91 22 6626 2699 **Peer Review Number:** 014158 **Firm Registration Number:** 001076N/N500013	July 12, 2024	Appointment as statutory auditor of our Company for a period of three financial years with effect from July 12, 2024 till the conclusion of the 34th Annual General Meeting of the Company pursuant to rotation in accordance with RBI 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
S.R. Batliboi & Co. LLP 12th Floor, The Ruby, 29 Senapati Bapat Marg Dadar, Mumbai 400 028 Maharashtra, India **Email:** SRBC@srb.in **Tel.:** +91 22 6819 8000 **Peer Review Number:** 013326 **Firm Registration Number**: 301003E/E300005	September 6, 2021	Appointment as statutory auditor of our Company for a period of three financial years with effect from September 6, 2021 till the conclusion of the 31st Annual General Meeting of the Company pursuant to rotation in accordance with RBI 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
Deloitte Haskins & Sells LLP One International Center, Tower 3	September 6, 2021	Completion of term of audit. The firm was ineligible for reappointment as they had exceeded the number

Particulars	Date of change	Reasons for change
27th - 32nd Floor Senapati Bapat Marg Elphinstone Road (West) Mumbai 400 013 Maharashtra, India **Tel:** +91 22 6185 4000 **E-mail:** sgk@deloitte.com **Peer Review Number:** 013179 **Firm Registration Number:** 117366W/ W-100018		of years for which they could audit in one tenure, that is, three years, under the RBI 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.

Bankers to the Offer

Escrow Collection Bank(s)
[●]

Refund Bank(s)
[●]

Public Offer Account Bank(s)
[●]

Sponsor Bank(s)
[●]

Banker to our Company

Axis Bank Limited
Bandra Turner Road branch,
Mangal Mahal, Turner Road,
Bandra (West),
Mumbai 400 050,
Maharashtra, India
Telephone Number: +91-9167000282
Contact Person: Branch Operations Head
Website: www.axisbank.com
Email: bandra.operationshead@axisbank.com

Syndicate Members
[●]

Filing of this Draft Red Herring Prospectus

A copy of this Draft Red Herring Prospectus has been uploaded on the SEBI intermediary portal at https://siportal.sebi.gov.in as specified in Regulation 25(8) of the SEBI ICDR Regulations and pursuant to the SEBI ICDR Master Circular.

The Red Herring Prospectus and Prospectus, respectively, will be filed with the RoC in accordance with Section 32 read with Section 26 of the Companies Act, along with the material contracts and documents referred to in each of the Red Herring Prospectus and the Prospectus, respectively, at the RoC through the electronic portal at http://www.mca.gov.in/mcafoportal/loginvalidateuser.do.

Inter-se allocation of responsibilities among the Book Running Lead Managers

The following table sets forth the inter-se allocation of responsibilities for various activities among the BRLMs:

S. No.	Activity	Responsibility	Coordinator
1.	Due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of this 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.	BRLMs	Kotak
2.	Capital structuring with the relative components and formalities such as type of instruments, size of issue, allocation between primary and secondary, etc.	BRLMs	Kotak
3.	Drafting and approval of all statutory advertisements	BRLMs	Kotak
4.	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	BRLMs	Nomura

S. No.	Activity	Responsibility	Coordinator
5.	Appointment of intermediaries - Registrar to the Offer, advertising agency, Banker(s) to the Offer, Sponsor Bank, printer and other intermediaries, including coordination of all agreements to be entered into with such intermediaries	BRLMs	Avendus
6.	Preparation of road show presentation and frequently asked questions	BRLMs	Nomura
7.	International institutional marketing of the Offer, which will cover, *inter alia*: • marketing strategy; • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing road show and investor meeting schedule	BRLMs	JPM
8.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • marketing strategy; • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing road show and investor meeting schedule	BRLMs	Kotak
9.	Retail and Non-Institutional marketing of the Offer, which will cover, *inter alia*, • Finalising media, marketing and public relations strategy including list of frequently asked questions at 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	BRLMs	Nuvama
10.	Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, anchor coordination, anchor CAN and intimation of anchor allocation	BRLMs	SBICAP
11.	Managing the book and finalization of pricing in consultation with the Company	BRLMs	JPM
12.	Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with Registrar, SCSBs, Sponsor Banks and other Bankers to the Offer, intimation of allocation and dispatch of refund to Bidders, etc. Other post-Offer activities, which shall involve essential follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising Company about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, Sponsor Bank, SCSBs including responsibility for underwriting arrangements, as applicable. Coordinating with Stock Exchanges and SEBI for submission of all post-Offer reports including the final post-Offer report to SEBI.	BRLMs	Nuvama

IPO Grading

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

Monitoring Agency

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

Appraising Entity

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

Credit Rating

As this is an Offer of Equity Shares of face value of ₹5 each, credit rating is not required.

Debenture Trustees

As this is an Offer of Equity Shares of face value of ₹5 each, the appointment of debenture trustees is not required.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Designated Intermediaries

Self-Certified Syndicate Banks

The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to UPI Bidders using the UPI Mechanism, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 and updated from time to time and 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, SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, UPI Bidders Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI, i.e., (www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) for SCSBs and (www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) for mobile applications, respectively, as updated from time to time.

Syndicate SCSB Branches

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

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com/Static/PublicIssues/RtaDp.aspx and www.nseindia.com/products-services/initial-public-offerings-asba-procedures, respectively, as updated from time to time and on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=10, 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 www.bseindia.com/Static/PublicIssues/RtaDp.aspx and www.nseindia.com/products-services/initial-public-offerings-asba-procedures, respectively, as updated from time to time.

Consent from Current Statutory Auditor

Our Company has received a written consent dated July 30, 2024 from Walker Chandiok & Co LLP, Chartered Accountants, to include their name as required under Section 26 of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus, in their capacity as our Current Statutory Auditor and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Experts to the Offer

Except as disclosed below, our Company has not obtained any expert opinions in connection with this Draft Red Herring Prospectus:

Our Company has received written consent dated July 31, 2024 from S.R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under Section 26(1) of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus, and as an "expert" as defined under Section 2(38) of the Companies Act to the extent and in their capacity as our Predecessor Statutory Auditor and in respect of their (i) examination report dated May 27, 2024 on our Restated Summary Statements; and (ii) report dated June 20, 2024 on the statement of special tax benefits as included in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated July 31, 2024 from V. C. Shah & Co., Chartered Accountants, independent chartered accountant, to include their name as required under the SEBI ICDR Regulations in this Draft Red Herring Prospectus, and as an "expert" as defined under Section 2(38) of the Companies Act with respect of their information in certificate dated July 31, 2024 as included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this

Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from Bidders on the basis of the Red Herring Prospectus and the Bid Cum Application Forms and the Revision Forms within the Price Band (which will be decided by our Company in consultation with the Book Running Lead Managers, and which will either be included in the Red Herring Prospectus or will be advertised in [●] editions of English national daily newspaper, [●], [●] editions of Hindi national daily newspaper, [●] and [●] editions of the Marathi daily newspaper [●] (Marathi being the regional language of Maharashtra, where our Registered Office is located) each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company, in consultation with the Book Running Lead Managers after the Bid/Offer Closing Date. For details, see "*Offer Procedure*" beginning on page 414.

All Bidders, other than Anchor Investors, shall only participate through the ASBA process by providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs or in the case of UPI Bidders, by using the UPI Mechanism. Additionally, the RIBs may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process. Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings whose application sizes are up to ₹0.5 million shall use the UPI Mechanism.

In terms of the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of the number of Equity Shares of face value of ₹5 each or the Bid Amount) at any stage. RIBs 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 their Bids after the Anchor Investor Bidding Date. Except for Allocation to RIBs and the Anchor Investors, allocation in the Offer will be on a proportionate basis. Further, allocation to Anchor Investors will be on a discretionary basis.

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

For further details, see "*Terms of the Offer*" "*Offer Structure*" and "*Offer Procedure*" beginning on pages 406, 411 and 414, respectively.

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

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

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares of face value of ₹5 each, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares of face value of ₹5 each proposed to be offered through the Offer. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

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

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 of face value of ₹5 each to be underwritten	Amount underwritten (₹ in million)
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

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

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

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

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares of face value of ₹5 each allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure purchasers for or purchase the Equity Shares of face value of ₹5 each to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after determination of the Offer Price and allocation of Equity Shares of face value of ₹5 each, but prior to the filing of the Prospectus with the RoC.

CAPITAL STRUCTURE

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

(in ₹, except share data unless otherwise stated)

Sr. No.	Particulars	Aggregate value at face value	Aggregate value at Offer Price*
A.	**AUTHORISED SHARE CAPITAL(1)**		
	350,000,000 Equity Shares of face value of ₹5 each^	1,750,000,000	
	25,000,000 Preference Shares of face value ₹10 each	250,000,000	
B.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	251,823,232 Equity Shares of face value of ₹5 each	1,259,116,160	
D.	**PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	Offer of up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹35,000.00 million(2)(3)	[●]	[●]
	of which		
	Fresh Issue of up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹10,000.00 million(2)	[●]	[●]
	Offer for Sale of up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹25,000.00 million(3)	[●]	[●]
E.	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER***		
	[●] Equity Shares of face value of ₹5 each	[●]	-
F.	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	28,816.39 million	
	After the Offer	[●] million	

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

^ *Our Company has been unable to file form SH-7 with the MCA for the sub-division of equity shares of face value of ₹10 to Equity Shares of face value of ₹5 each due to a technical issue. For details see "Risk Factor - We are unable to trace some of our corporate records including minutes of the Board meetings and corresponding form filings. Further, there have been inaccuracies in certain of our regulatory filings and certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 47.*

(1) *For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters – Amendments to our Memorandum of Association" on page 207.*

(2) *The Offer including the Fresh Issue has been approved by our Board pursuant to the resolution passed at its meeting held on April 30, 2024 and June 19, 2024, and by our Shareholders pursuant to a special resolution passed at their meeting held on June 20, 2024. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated June 19, 2024.*

(3) *Each Selling Shareholder, severally and not jointly, has authorized its participation in the Offer for Sale in relation to its respective portion of the Offered Shares. For details on the authorizations and consents of each of the Selling Shareholders in relation to its respective Offered Shares, see "The Offer" and "Other Regulatory and Statutory Disclosures" on pages 60 and 386, respectively.*

Notes to the Capital Structure

1. Share capital history of our Company

(i) ***Equity share capital***

The history of the equity share capital of our Company is set forth in the table below:

Date of allotment of equity shares	Number of equity shares allotted	Details of allottees	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Nature of consideration	Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital
August 27, 1992	400*	100 equity shares each were allotted to Amrut Tilak Shah, Kaushik Morarji Chedda, Praful K. Dedhia and Satish K. Gala	10	10.00	Cash	Allotment pursuant to initial subscription to the Memorandum of Association*	400	4,000
October 15, 1992	39,600$**	3,900 equity shares were allotted to Amrut Tilak Shah, 2,000 equity shares were allotted to Indira Amrut Shah, 2,000 equity shares were allotted to Amrut T Shah (HUF), 1,000 equity shares were allotted to Rushabh A Shah, minor (Amrut T Shah as guardian), 1,000 equity shares were allotted to Naman A Shah, minor (Amrut T Shah as guardian), 1,000 equity shares were allotted to Keshavji T Dedhia, 1,000 equity shares were allotted to Sakerben K Dedhia, 1,000 equity shares were allotted to Keshavji T Dedhia (HUF), 3,900 equity shares were allotted to Praful K Dedhia, 1,000 equity shares were allotted to Kalpana Praful Dedhia, 1,000 equity shares to Praful K Dedhia (HUF), 1,000 equity shares were allotted to Ketan Keshavji Dedhia, 1,000 equity shares were allotted to Morarji Nanji Chheda, 1,000 equity shares were allotted to Morarji Nanji Chheda (HUF), 1,000 equity shares were allotted to Bhanuben Morarji Chheda, 2,900 equity shares were allotted to Kaushik Morarji Chheda, 1,000 equity shares were allotted to Rita K Chheda, 1,000 equity shares were allotted to Kaushik Morarji Chheda (HUF), 500 equity shares were allotted to Priyanka K Chheda, minor (Kaushik Chheda as guardian), 500 equity shares were allotted to Anant K Chheda, minor (Kaushik Chheda as guardian), 500 equity shares were allotted to Manish M Chheda, 500 equity shares were allotted to Mona M Chheda, 1000 equity shares were allotted to Khimji Gala, 500 equity shares were allotted to Ratanben K Gala, 500 equity shares were allotted to Khimji Gala HUF, 1,900 equity shares were allotted to Satish Khimji Gala, 1,000 equity shares were allotted to Ranjan Satish Gala, 1,000 equity shares were allotted to Satish Khimji Gala (HUF), 500 equity shares were allotted to Mitej Gala, minor (Satish K Gala as guardian), 1,000 equity shares were allotted to Sanjay K Gala, 500 equity shares were allotted to Rita Gala, 500 equity shares were allotted to Sanjay Gala (HUF), 500 equity shares were allotted to Kaival Gala, minor (Sanjay K Gala as guardian), 500 equity shares were allotted to Umesh Gala, 500 equity shares were allotted to Neena Gala	10	10.00	Cash	Further issue	40,000	400,000
March 25,	160,000$	40,000 equity shares were allotted to Amrut T Shah, 40,000 equity shares were allotted to Praful K Dedhia, 40,000 equity	10	10.00	Cash	Further issue	200,000	2,000,000

Date of allotment of equity shares	Number of equity shares allotted	Details of allottees	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Nature of consideration	Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital
1994		shares were allotted to Kaushik Morarji Chheda and 40,000 equity shares were allotted to Satish Khimji Gala						
March 5, 1999	104,000[$]	104,000 equity shares were allotted to Abhishek Synthetics Private Limited	10	10.00	Cash	Further issue	304,000	3,040,000
March 22, 2006	100,000[^#]	100,000 equity shares were allotted to Jayantilal K. Gala	10	25.00	Cash	Further issue	404,000	4,040,000
March 31, 2007	106,000^	79,500 equity shares were allotted to Om Procurement Project Limited and 26,500 equity shares were allotted to Marudhar Mudra Private Limited	10	85.00	Cash	Further issue	510,000	5,100,000
January 23, 2013	2,941,178[$$$#&]	1,426,471 equity shares were allotted to Dewan Housing Finance Corporation Limited, 242,215 equity shares were allotted to Kapil Wadhawan, 242,215 equity shares were allotted to Dheeraj Wadhawan, 392,157 equity shares were allotted to Wadhawan Holdings Private Limited, 317,186 equity shares were allotted to Wadhawan Consolidated Holdings Private Limited and 320,934 equity shares were allotted to Wadhawan Retail Ventures Private Limited	10	34.00	Cash	Rights issue in proportion of the respective shareholding in the Company	3,451,178	34,511,780
July 18, 2013	12,894,972^^^	872,927 equity shares were allotted to Wadhawan Holdings Private Limited, 714,387 equity shares were allotted to Wadhawan Retail Ventures Private Limited, 706,044 equity shares were allotted to Wadhawan Consolidated Holdings Private Limited, 539,161 equity shares were allotted to Kapil Wadhawan, 539,161 equity shares were allotted to Dheeraj Wadhawan, 6,254,062 equity shares were allotted to Dewan Housing Finance Corporation Limited and 32,69,230 equity shares were allotted to IFC	10	39.00	Cash	Preferential allotment	16,346,150	163,461,500
March 30, 2015	8,861,164[$$]	4,269,639 equity shares were allotted to Dewan Housing Finance Corporation Limited, 4,473,461 equity shares were allotted to Wadhawan Global Capital Private Limited, 43,670 equity shares were allotted to Wadhawan Holdings Private Limited, 24,063 equity shares were allotted to Wadhawan Consolidated Holdings Private Limited, 24,063 equity shares were allotted to Wadhawan Retail Ventures Private Limited, 12,936 equity shares were allotted to Kapil Wadhawan, 12,936 equity shares were allotted to Dheeraj Wadhawan, 132 equity shares were allotted to Sonpal Jain, 132 equity shares were allotted to Mohit Chaturvedi and 132 equity shares were	10	46.00	Cash	Rights issue in the ratio of 132 equity shares for every 100 equity shares	25,207,314	252,073,140

Date of allotment of equity shares	Number of equity shares allotted	Details of allottees	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Nature of consideration	Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital
		allotted to Ajay Vazirani						
March 29, 2016	7,960,199[$$***]	4,595,677 equity shares were allotted to Wadhawan Global Capital Private Limited, 3,364,272 equity shares were allotted to IFC, 73 equity shares were allotted to Sonpal Jain, 73 equity shares were allotted to Mohit Chaturvedi, 73 equity shares were allotted to Ajay Vazirani and 31 equity shares were allotted to Hemant Bhatia	10	50.00	Cash	Rights issue in the ratio of 30 equity shares for every 95 equity shares	33,167,513	331,675,130
July, 12, 2017	11,625,720[$$]	5,025,155 equity shares were allotted to Wadhawan Global Capital Private Limited; 4,275,420 equity shares were allotted to Dewan Housing Finance Corporation Limited and 2,325,145 equity shares were allotted to IFC	10	64.00	Cash	Rights issue in the ratio of 34 equity shares for every 97 equity shares	44,793,233	447,932,330
March 31, 2018	14,449,428	11,671,651 equity shares were allotted to Wadhawan Global Capital Limited and 2,777,777 equity shares were allotted to Dewan Housing Finance Corporation Limited	10	180.00	Cash	Rights issue in the ratio of 25 equity shares for every 62 equity shares	59,242,661	592,426,610
June 26, 2018	3,612,358^^	3,612,358 equity shares were allotted to IFC	10	180.00	Cash	Preferential allotment	62,855,019	628,550,190
July 30, 2019	15,789,474	15,789,474 equity shares were allotted to Olive Vine	10	152.00	Cash	Preferential allotment	78,644,493	786,444,930
August 2, 2019	3,947,368	3,947,368 equity shares were allotted to IFC	10	152.00	Cash	Preferential allotment	82,591,861	825,918,610
January 19, 2023	13,266,705	13,266,705 equity shares were allotted to Kedaara Capital	10	452.26	Cash	Preferential allotment	95,858,566	958,585,660
January 19, 2023	10,779,436	8,623,549 equity shares were allotted to Olive Vine and 2,155,887 equity shares were allotted to IFC	10	361.80	NA[&&]	Allotment of equity shares pursuant to conversion of CCPS into equity shares	106,638,002	1,066,380,020
May 24, 2023	4,422,235	4,422,235 equity shares were allotted to Kedaara Capital	10	452.26	Cash	Preferential allotment	111,060,237	1,110,602,370

Date of allotment of equity shares	Number of equity shares allotted	Details of allottees	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Nature of consideration	Nature of allotment	Cumulative number of equity shares	Cumulative paid-up equity share capital
June 22, 2023	2,885	1,875 equity shares were allotted to Samir Mehra and 1,010 equity shares were allotted to Sourav Manna	10	230.00	Cash	Allotment pursuant to the ESOP 2019	111,533,470	1,115,334,700
	40,448	18,217 equity shares were allotted to Swayam Sen, 3,940 equity shares were allotted to Ganesh R, 4,523 equity shares were allotted to Gaurao Patil, 3,938 equity shares were allotted to Mithun Pillai, 2,475 equity shares were allotted to Ashish Chaturvedi, 2,983 equity shares were allotted to Rohiet Tiwaarri, 1,141 equity shares were allotted to Sonia Sule, 2,052 equity shares were allotted to Gaurav Uniyal and 1,179 equity shares were allotted to Sanmati Bande	10	193.00	Cash	Allotment pursuant to the ESOP 2019		
	429,900	326,880 equity shares were allotted to Amit Gainda, 15,928 equity shares were allotted to Rajesh Kachave, 40,144 equity shares were allotted to Samir Mohanty, 25,000 equity shares were allotted to Vivek Baranwal, 5,541 equity shares were allotted to Ganesh R, 5,089 equity shares were allotted to Gaurao Patil, 4,431 equity shares were allotted to Mithun Pillai, 4,714 equity shares were allotted to Ashish Chaturvedi and 2,173 equity shares were allotted to Sonia Sule	10	152.00	Cash	Allotment pursuant to the ESOP 2019		
March 22, 2024	14,378,146	1,29,40,331 equity shares were allotted to Alpha Investment Company LLC and 14,37,815 equity shares were allotted to Avendus Future Leaders Fund II	10	695.50	Cash	Preferential Allotment	125,911,616	1,259,116,160
April 4, 2024%	Pursuant to Board resolution dated April 4, 2024 and a Shareholder's resolution dated April 26, 2024, 125,911,616 equity shares of face value of ₹10 each were sub-divided into 251,823,232 Equity Shares of face value of ₹5 each with effect from April 26, 2024							
Total							**251,823,232**	**1,259,116,160**

* *The original MoA, Form-1 and its challan and the list of allottees are not available with our Company. Accordingly, we have relied on the corporate records of our Company, the certificate dated June 12, 2024, prepared by Sachin Manseta & Associates, practising company secretary. For details see "Risk Factor - We are unable to trace some of our corporate records including minutes of the Board meetings and corresponding form filings. Further, there have been inaccuracies in certain of our regulatory filings and certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 47.*

** *Our Company inadvertently recorded the number of equity shares in Board resolution for issuance on October 15, 1992, as 40,000 equity shares instead of 39,600 equity shares. For details see, "Risk Factor - We are unable to trace some of our corporate records including minutes of the Board meetings and corresponding form filings. Further, there have been inaccuracies in certain of our regulatory filings and certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 47.*

*** *RBI acknowledgement in relation to the form FCGPR in relation to the allotment to IFC is not available. Accordingly, we have relied on other form filings with respect to this allotment. For details see "Risk Factor - We are unable to trace some of our corporate records including minutes of the Board meetings and corresponding form filings. Further, there have been inaccuracies in certain of our regulatory filings and certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 47.*

^ *The Board resolutions approving the issuance of equity shares of face value ₹10 is not available. Accordingly, we have relied on the corporate records of our Company, the certificate dated June 12, 2024, prepared by Sachin Manseta & Associates, practising company secretary. For details see "Risk Factor - We are unable to trace some of our corporate records including minutes of the Board meetings and corresponding form filings. Further, there have been inaccuracies in certain of our regulatory filings and certain of our secretarial records have not been adequately maintained. We cannot assure you that* *no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 47.*

^^ *Form FC-GPR in relation to this allotment is not available. Accordingly, we have relied on RBI acknowledgement and corporate records of our Company with respect to the allotment. For details see "Risk Factor - We are unable to trace some of our corporate records including minutes of the Board meetings and corresponding form filings. Further, there have been inaccuracies in certain of our regulatory filings and certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 47.*

^^^ *FIRC in relation to the allotment to IFC is not available. Accordingly, we have relied on other form filings with respect to this allotment. For details see "Risk Factor - We are unable to trace some of our corporate records including minutes of the Board meetings and corresponding form filings. Further, there have been inaccuracies in certain of our regulatory filings and certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 47.*

The challan for Form-2 with respect to the Form-2 filed in relation to this allotment/ issue is not available. Accordingly, we have relied on the corporate records of our Company, the certificate dated June 12, 2024, prepared by Sachin Manseta & Associates, practicing company secretary. For details see "Risk Factor - We are unable to trace some of our corporate records including minutes of the Board meetings and corresponding form filings. Further, there have been inaccuracies in certain of our regulatory filings and certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 47.

$ *Form 2s and its respective challan, along with list of allottees in relation to these allotments are not available. Accordingly, we have relied on the corporate records of our Company, the certificate dated June 12, 2024, prepared by Sachin Manseta & Associates, practising company secretary. For details see "Risk Factor - We are unable to trace some of our corporate records including minutes of the Board meetings and corresponding form filings. Further, there have been inaccuracies in certain of our regulatory filings and certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 47.*

$$ *Letters of renunciation and acceptance in relation to these allotments are not available. Accordingly, we have relied on the corporate records of our Company, the certificate dated June 12, 2024, prepared by Sachin Manseta & Associates, company secretary. For details see "Risk Factor - We are unable to trace some of our corporate records including minutes of the Board meetings and corresponding form filings. Further, there have been inaccuracies in certain of our regulatory filings and certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 47.*

$$$ *Letter of offer, letters of renunciation and acceptance letters in relation to this allotment are not available. Accordingly, we have relied on the corporate records of our Company, the certificate dated June 12, 2024, prepared by Sachin Manseta & Associates, practising company secretary. For details see "Risk Factor - We are unable to trace some of our corporate records including minutes of the Board meetings and corresponding form filings. Further, there have been inaccuracies in certain of our regulatory filings and certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 47.*

% *Our Company has been unable to file form SH-7 with the MCA for the sub-division of equity shares of face value of ₹10 to Equity Shares of face value of ₹5 each due to a technical issue*

& *The paid-up share capital of our Company in Form 2 post the allotment of 2,941,178 Equity Shares was erroneously recorded as ₹ 35,411,780 instead of ₹ 34,511,780.*

&& *Consideration was paid at the time of allotment of such CCPS.*

(ii) ***Preference share capital***

Our Company does not have any issued, subscribed and paid-up preference shares as on the date of filing of this Draft Red Herring Prospectus.

(iii) All equity shares and CCPS issued by our Company from the date of incorporation of our Company till the date of filing of this Draft Red Herring Prospectus have been made in compliance with Companies Act, 2013 or Companies Act 1956, as applicable.

2. Specified Securities issued in the preceding one year lower than the Offer Price

(a) Except as disclosed above in "*Equity Share capital history of our Company*" on page 75, our Company has not issued any Equity Shares of face value of ₹5 each at a price that may be lower than the Offer Price during the last one year preceding the date of this Draft Red Herring Prospectus.

(b) Our Company has not issued any CCPS at a price that may be lower than the Offer Price during the last one year preceding the date of this Draft Red Herring Prospectus.

3. Specified securities issued for consideration other than cash or out of revaluation reserves

As on the date of this Draft Red Herring Prospectus, our Company has not issued specified securities through bonus issue or for consideration other than cash. Our Company has not issued any specified securities out of revaluation reserves since incorporation.

4. Issue of shares under Section 391 to 394 of the Companies Act, 1956 and Sections 230 to 234 of the Companies Act

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

5. Issue of Equity Shares under employee stock option schemes

Except pursuant to the exercise of employee stock options granted pursuant to the ESOP Schemes, our Company has not issued any equity shares under employee stock option schemes. See *"–Notes to Capital Structure –Share capital history of our Company–Equity Share capital history*" above on page 75.

6. History of the share capital held by our Promoter

As on the date of this Draft Red Herring Prospectus, our Promoter, Olive Vine holds 149,394,074 Equity Shares of face value of ₹5 each equivalent to 58.38% on a fully diluted basis of the issued, subscribed and paid-up pre-Offer Equity Share capital of our Company.

The details regarding our Promoters' shareholding are set forth in the table below.

(i) ***Build-up of the equity shareholding of our Promoter in our Company***

The details regarding the build-up of the equity shareholding of our Promoter (also the Promoter Selling Shareholder) in our Company since incorporation is set forth in the table below:

Date of allotment/ transfer	Number of equity shares allotted / transferred	Nature of transaction	Nature of consideration	Face value per equity share (₹)	Issue price/ transfer price per equity share (₹)	Percentage of the pre-Offer capital* (%)	Percentage of the post-Offer capital (%)^
Olive Vine							
July 30, 2019	50,284,014**	Transfer of 30,825,437 equity shares from Wadhawan Global Capital Limited	Cash	10	152	39.30	[●]
		Transfer of 19,250,719 equity shares from Dewan Housing Finance Corporation Limited	Cash	10	152		[●]
		Transfer of 76,754 equity shares from Wadhawan Holdings Private Limited	Cash	10	152		[●]
		Transfer of 42,293 equity shares from Wadhawan Consolidated Holdings Private Limited	Cash	10	152		[●]
		Transfer of 42,293 equity shares from Infill Retail Ventures Private Limited	Cash	10	152		[●]
		Transfer of 22,736 equity shares from Dheeraj Wadhawan	Cash	10	152		[●]
		Transfer of 22,736 equity shares from Kapil Wadhawan	Cash	10	152		[●]
		Transfer of 305 equity shares from P K Kumar	Cash	10	152		[●]
		Transfer of 305 equity shares from Vijay Tambe	Cash	10	152		[●]
		Transfer of 305 equity shares from Mohit Chaturvedi	Cash	10	152		[●]
		Transfer of 131 equity shares from Prahlad Kulkarni	Cash	10	152		[●]
July 30, 2019	15,789,474	Preferential allotment	Cash	10	152	12.34	[●]
January 19, 2023	8,623,549	Allotment of equity shares pursuant to conversion of 16,951,916 CCPS into equity shares	NA***	10	NA	6.74	[●]
April 4, 2024%	Pursuant to Board resolution dated April 4, 2024 and a Shareholder's resolution dated April 26, 2024, 125,911,616 equity shares of face value of ₹10 each were sub-divided to 251,823,232 Equity Shares of face value of ₹5 each. Accordingly, the shareholding of Olive Vine changed from 74,697,037 equity shares bearing face value of ₹10 each to 149,394,074 equity shares bearing face value of ₹5 each						
Total	**149,394,074**					**58.38**	**[●]**

^ *Subject to finalization of the Offer Price and Basis of Allotment.*

* *Calculated on the basis of total Equity Shares of face value of ₹5 each held and vested options under the ESOP Schemes, as on the date of this Draft Red Herring Prospectus.*

** *Amit Gainda, Vivek Kumar Baranwal, Rajesh Narayan Kachave, Samir Kumar Mohanty and Amit Yadav, hold 2 Equity Shares of face value of ₹5 each as nominee of Olive Vine.*

*** *Consideration was paid at the time of allotment of such CCPS.*

[%] *Our Company has been unable to file form SH-7 with the MCA for the sub-division of equity shares of face value of ₹10 to Equity Shares of face value of ₹5 each due to a technical issue.*

(ii) ***Build-up of the Preference share capital of our Promoter in our Company***

Our Promoter does not hold any outstanding preference shares as on the date of filing of this Draft Red Herring Prospectus.

(iii) As on the date of this Draft Red Herring Prospectus, none of the Equity Shares of face value of ₹5 each held by our Promoter are subject to any pledge.

(iv) All the Equity Shares of face value of ₹5 each held by our Promoter were fully paid-up on the respective dates of allotment/ acquisition of such Equity Shares.

7. *History of share capital held by the Selling Shareholders in our Company*

(i) *Build-up of the equity shareholding of the Investor Selling Shareholders*

The details regarding the build-up of the equity shareholding of the Investor Selling Shareholders in our Company since incorporation is set forth in the table below:

Date of allotment/ transfer	Number of equity shares allotted / transferred	Nature of transaction	Nature of consideration	Face value per equity share (₹)	Issue price/ transfer price per equity share (₹)	Percentage of the pre-Offer capital* (%)	Percentage of the post-Offer capital (%)^
IFC							
July 18, 2013	3,269,230[^^^]	Preferential allotment	Cash	10	39.00	2.55	[●]
March 29, 2016	3,364,272[$$***]	Rights issue in the ratio of 30 equity shares for every 95 equity shares	Cash	10	50.00	2.63	[●]
July 12, 2017	2,325,145[$$]	Rights issue in the ratio of 34 equity shares for every 97 equity shares	Cash	10	64.00	1.82	[●]
June 26, 2018	3,612,358[^^]	Preferential allotment	Cash	10	180.00	2.82	[●]
August 2, 2019	3,947,368	Preferential allotment	Cash	10	152.00	3.08	[●]
January 19, 2023	2,155,887	Allotment of equity shares pursuant to conversion of 4,237,979 CCPS into equity shares	NA**	10	NA	1.68	[●]
July 5, 2023	(4,133,368)	Transfer of 4,133,368 equity shares to Kedaara Pichola	Cash	10	452.26	(3.23)	[●]
April 4, 2024[%]	Pursuant to Board resolution dated April 4, 2024 and a Shareholder's resolution dated April 26, 2024, 125,911,616 equity shares of face value of ₹10 each were sub-divided to 251,823,232 Equity Shares of face value of ₹5 each. Accordingly, the shareholding of IFC changed from 14,540,892 equity shares bearing face value of ₹10 each to 29,081,784 equity shares bearing face value of ₹5 each						
Total	29,081,784					**11.36**	**[●]**
Kedaara Capital							
January 19, 2023	13,266,705	Preferential allotment	Cash	10	452.26	10.38	[●]
May 24, 2023	4,422,235	Preferential allotment	Cash	10	452.26	3.46	[●]
April 4, 2024[%]	Pursuant to Board resolution dated April 4, 2024 and a Shareholder's resolution dated April 26, 2024, 125,911,616 equity shares of face value of ₹10 each were sub-divided to 251,823,232 Equity Shares of face value of ₹5 each. Accordingly, the shareholding of Kedaara Capital changed from 17,688,940 equity shares bearing face value of ₹10 each to 35,377,880 equity shares bearing face value of ₹5 each						

Date of allotment/ transfer	Number of equity shares allotted / transferred	Nature of transaction	Nature of consideration	Face value per equity share (₹)	Issue price/ transfer price per equity share (₹)	Percentage of the pre-Offer capital* (%)	Percentage of the post-Offer capital (%)^
Total	35,377,880					**13.82**	[●]

^ *Subject to finalization of the Offer Price and Basis of Allotment.*

^^ *FIRC in relation to this allotment is not available. Accordingly, we have relied on other form filings with respect to this allotment. For details see "Risk Factor - We are unable to trace some of our corporate records including minutes of the Board meetings and corresponding form filings. Further, there have been inaccuracies in certain of our regulatory filings and certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 47.*

$$$ *Letters of renunciation and acceptance in relation to these allotments are not available. Accordingly, we have relied on the corporate records of our Company, the certificate dated June 12, 2024, prepared by Sachin Manseta & Associates, practising company secretary. For details see "Risk Factor - We are unable to trace some of our corporate records including minutes of the Board meetings and corresponding form filings. Further, there have been inaccuracies in certain of our regulatory filings and certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 47.*

*** *RBI acknowledgement in relation to the form FCGPR in relation to this allotment is not available. Accordingly, we have relied on other form filings with respect to this allotment. For details see "Risk Factor - We are unable to trace some of our corporate records including minutes of the Board meetings and corresponding form filings. Further, there have been inaccuracies in certain of our regulatory filings and certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 47.*

* *Calculated on the basis of total Equity Shares of face value of ₹5 each held and vested options under the ESOP Schemes, as on the date of this Draft Red Herring Prospectus.*

% *Our Company has been unable to file form SH-7 with the MCA for the sub-division of equity shares of face value of ₹10 to Equity Shares of face value of ₹5 each due to a technical issue.*

** *Consideration was paid at the time of allotment of such CCPS.*

For details in relation to the build-up of the equity shareholding of Olive Vine, the Promoter Selling Shareholder, see "*-History of the share capital held by our Promoter - Build-up of the equity shareholding of our Promoter in our Company*" on page 81.

(ii) ***Build-up of the Preference share capital of the Selling Shareholders in our Company***

The Selling Shareholders do not hold any outstanding preference shares as on the date of filing of this Draft Red Herring Prospectus.

8. Details of lock-in:

1. *Details of Promoter contribution and lock-in*

(i) In accordance with Regulation 14 and Regulation 16(1) of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoter, shall be locked in for a period of 18 months or such other period as prescribed under the SEBI ICDR Regulations, from the date of Allotment as minimum Promoters' contribution ("**Promoters' Contribution**") and the shareholding of our Promoter in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of six months from the date of Allotment.

(ii) The details of the Equity Shares of face value of ₹5 each held by our Promoter, which shall be locked-in for a period of 18 months or such other period as prescribed under the SEBI ICDR Regulations, from the date of Allotment as minimum Promoter's contribution are set forth in the table below:

Name of Promoter	Number of Equity Shares of face value of ₹5 each locked-in(1)(2)	Date of allotment /transfer	Nature of transaction	Face value per Equity Share (₹)	Issue/ acquisition price per Equity Share (₹)	Percentage of the pre-Offer paid-up capital (%)	Percentage of the post-Offer paid-up capital (%)^	Date up to which Equity Shares of face value of ₹5 each are subject to lock-in
Olive Vine	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

^ *Subject to finalization of the Offer Price and Basis of Allotment.*

(1) *For a period of 18 months from the date of Allotment or such other period as prescribed under the SEBI ICDR Regulations.*

(2) *All Equity Shares of face value of ₹5 each were fully paid-up at the time of allotment/acquisition.*

(iii) Our Promoter has given consent for inclusion of such number of Equity Shares of face value of ₹5 each held by them as part of the Promoters' contribution, subject to lock-in requirements as specified under Regulation 14 of the SEBI ICDR Regulations. Our Promoter has agreed not to dispose, sell, transfer, create any pledge, lien or otherwise encumber in any manner, the Promoter's contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in specified above, or for such other time as required under the SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

(iv) Our Company undertakes that the Equity Shares of face value of ₹5 each that are being locked-in are not ineligible for computation of minimum Promoter's contribution in terms of Regulation 15 of the SEBI ICDR Regulations. For details of the build-up of the share capital held by our Promoter, see "- *History of the Equity Share capital held by our Promoter*" on page 81.

In this connection, we confirm that the Equity Shares of face value of ₹5 each considered as Promoters' Contribution:

(a) have not been acquired during the immediately preceding three years from the date of this Draft Red Herring Prospectus for consideration other than cash, involving any revaluation of assets or capitalisation of intangible assets;

(b) did not result from a bonus issue of Equity Shares of face value of ₹5 each during the immediately preceding three years from the date of this Draft Red Herring Prospectus, by utilisation of revaluation reserves or unrealised profits of our Company, or from bonus issue against Equity Shares of face value of ₹5 each which are otherwise ineligible for Promoters' Contribution;

(c) are not acquired or subscribed to during the immediately preceding year from the date of this Draft Red Herring Prospectus at a price lower than the price at which the Equity Shares of face value of ₹5 each are being offered to the public in the Offer;

(d) are not subject to any pledge or any other encumbrance; and

(e) Further, our Company has not been formed by conversion of a partnership firm or a limited liability partnership firm into a company and hence, no Equity Shares of face value of ₹5 each have been issued in the one year immediately preceding the date of this Draft Red

Herring Prospectus pursuant to conversion from a partnership firm.

2. ***Details of Equity Shares locked-in for six months***

(i) In accordance with Regulation 17 of the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital of our Company will be locked-in for a period of six months from the date of Allotment, except for (i) the Equity Shares of face value of ₹5 each transferred pursuant to the Offer for Sale; (ii) any Equity Shares of face value of ₹5 each allotted to employees of our Company, whether currently employees or not and including the legal heirs or nominees of any deceased employees or previous employees pursuant to the ESOP Schemes; and (iii) the Equity Shares of face value of ₹5 each held by VCFs or Category I AIF or Category II AIF or FVCI (i.e., Avendus Future), subject to certain conditions set out in Regulation 17 of the SEBI ICDR Regulations, provided that such Equity Shares of face value of ₹5 each will be locked-in for a period of at least six months from the date of purchase by the VCFs or Category I AIF or Category II AIF or FVCI.

(ii) As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares of face value of ₹5 each locked-in are recorded by the relevant Depository. Any unsubscribed portion of the Offered Shares would also be locked-in as required under the SEBI ICDR Regulations.

3. ***Lock-in of Equity Shares allotted to Anchor Investors***

(i) There shall be a lock-in of 90 days on 50% of the Equity Shares of face value of ₹5 each allotted to the Anchor Investors from the date of Allotment, and lock-in of 30 days on the remaining 50% of the Equity Shares of face value of ₹5 each allotted to the Anchor Investors from the date of Allotment.

4. ***Other lock-in requirements***

(i) The Equity Shares of face value of ₹5 each held by the Promoter which are locked-in for a period of 18 months from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions or NBFC-ML or housing finance companies, as collateral security for loans granted by such banks or public financial institutions or NBFC-ML or housing finance companies in terms of Regulation 21 of the SEBI ICDR Regulations, provided that such loans have been granted for the purpose of financing one or more of the objects of the Offer and pledge of Equity Shares of face value of ₹5 each is a term of 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 to the Equity Shares of face value of ₹5 each till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

(ii) In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares of face value of ₹5 each held by our Promoter and locked-in as per Regulation 16 of the SEBI ICDR Regulations, may be transferred to and among our Promoter and/or any member of our Promoter Group, if any, or a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of the transferee for the remaining period and compliance with the Takeover Regulations, as applicable, and such transferee shall not be eligible to transfer them till the lock-in period stipulated in the SEBI ICDR Regulations has expired.

(iii) The Equity Shares of face value of ₹5 each held by any person other than our Promoter and locked-in for a period of six months from the date of Allotment in the Offer as per Regulation 17 of the SEBI ICDR Regulations, may be transferred to any other person holding the Equity Shares of face value of ₹5 each which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Regulations, as applicable.

9. **Shareholding of our Promoter, directors of our Promoter and Promoter Group**

(i) Set out below are the details of the Equity Shares of face value of ₹5 each held by our Promoter and directors of our Promoter in our Company. Further, as on date of this Draft Red Herring Prospectus our Promoter does not have any natural persons or body corporates who are part of our Promoter Group.

Sr. No.	Name	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital* (%)	Percentage of the post-Offer Equity Share capital (%)
Promoter				
1.	Olive Vine	149,394,074	58.38	[●]
Director of our Promoter				

Sr. No.	Name	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital* (%)	Percentage of the post-Offer Equity Share capital (%)
1.	Narendra Ostawal	Nil	Nil	Nil
2.	Hemant Omprakash Mundra	Nil	Nil	Nil

* *Calculated on the basis of total Equity Shares of face value of ₹5 each held and vested options under the ESOP Schemes, as on the date of this Draft Red Herring Prospectus.*

For further details, see "*Our Promoter and Promoter Group*" on page 228.

10. As of the date of the filing of this Draft Red Herring Prospectus, the total number of our Shareholders is eleven.

11. Shareholding pattern of our Company

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

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid-up Equity Shares of face value of ₹5 each held (IV)	Number of partly paid-up Equity Shares of face value of ₹5 each held (V)	Number of shares underlying depository receipts (VI)	Total number of shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)			Number of shares underlying outstanding convertible securities (including warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of Equity Shares of face value of ₹5 each held in dematerialised form (XIV)
								Number of voting rights: Class: Equity Shares	Number of voting rights: Total	Total as a % of (A+B+C)			Number (a)	As a % of total shares held (b)	Number (a)	As a % of total shares held (b) on a fully diluted basis	
(A)	**Promoters and Promoter Group**	6*	149,394,074	-	-	149,394,074	59.32	149,394,074	149,394,074	59.32	-	59.32	-	-	-	-	149,394,074
(B)	**Public**	5	102,429,158	-	-	102,429,158	40.68	102,429,158	102,429,158	40.68	-	40.68	-	-	-	-	102,429,158
(C)	**Non Promoter-Non Public**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	**Shares underlying depository receipts**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	**Shares held by employee trusts**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A+B+C)	11*	251,823,232	-	-	251,823,232	100.00	251,823,232	251,823,232	100.00	-	100.00	-	-	-	-	251,823,232

* *Includes 10 Equity Shares of face value of ₹5 each held by 5 nominee Shareholders on behalf of Olive Vine.*

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

a) The Shareholders holding 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares of face value of ₹5 each held by them as on the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of Equity Shares of ₹5 each	Percentage of the pre-Offer Equity Share capital (%)	Percentage of the pre-Offer Equity Share capital on a fully diluted basis^ (%)
1.	Olive Vine	149,394,074	59.32	58.38
2.	IFC	29,081,784	11.55	11.36
3.	Kedaara Capital	35,377,880	14.05	13.82
4.	Kedaara Pichola	9,213,202	3.66	3.60
5.	Alpha	25,880,662	10.28	10.11
6.	Avendus Future	2,875,630	1.14	1.12
Total		**251,823,232**	**100.00**	**98.40**

^ *Calculated on a fully diluted basis i.e. on the basis of total Equity Shares of face value of ₹5 each held and vested options under the ESOP Schemes, as on the date of this Draft Red Herring Prospectus.*

b) The Shareholders who held 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares of face value of ₹5 each held by them 10 days prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of Equity Shares of ₹5 each	Percentage of the pre-Offer Equity Share capital (%)	Percentage of the pre-Offer Equity Share capital on a fully diluted basis^ (%)
1.	Olive Vine	149,394,074	59.32	58.38
2.	IFC	29,081,784	11.55	11.36
3.	Kedaara Capital	35,377,880	14.05	13.82
4.	Kedaara Pichola	9,213,202	3.66	3.60
5.	Alpha	25,880,662	10.28	10.11
6.	Avendus Future	2,875,630	1.14	1.12
Total		**251,823,232**	**100.00**	**98.40**

^ *Calculated on a fully diluted basis i.e. on the basis of total Equity Shares of face value of ₹5 each held and vested options under the ESOP Schemes, as on the date of 10 days prior to the date of this Draft Red Herring Prospectus.*

c) The Shareholders who held 1% or more of the paid-up Equity Share capital of our Company and the number of equity shares of face value of ₹10 each held by them one year prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of equity shares of ₹10 each	Percentage of the pre-Offer equity share capital (%)	Percentage of the pre-Offer equity share capital on a fully diluted basis^ (%)
1.	Olive Vine	74,697,037	69.97	66.42
2.	IFC	14,540,892	13.04	12.93
3.	Kedaara Capital	17,688,940	15.86	15.73
4.	Kedaara Pichola	4,606,601	4.13	4.10
Total		**1,115,33,470**	**100.00**	**99.17**

^ *Calculated on a fully diluted basis i.e. on the basis of total equity shares of face value of ₹10 each held and vested options under the ESOP Schemes, as of one year prior to the date of this Draft Red Herring Prospectus.*

d) The Shareholders who held 1% or more of the paid-up Equity Share capital of our Company on a fully diluted basis and the number of equity shares of face value of ₹10 each held by them two years prior to the date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholder	Number of equity shares of ₹10 each	Percentage of the pre-Offer equity share capital (%)	Percentage of the pre-Offer equity share capital on a fully diluted basis^ (%)
1.	Olive Vine	66,073,488	80.00	79.22
2.	IFC	16,518,373	20.00	19.80
Total		**82,591,861**	**100.00**	**99.02**

^ *Calculated on a fully diluted basis i.e. on the basis of total equity shares of face value of ₹10 each held and vested options under the ESOP Schemes, as of two years prior to the date of this Draft Red Herring Prospectus.*

12. Employee Stock Options Schemes of our Company

Our Company has two ESOP Schemes, namely, ESOP 2019 and ESOP 2024. As on the date of this Draft Red Herring Prospectus, the details of grants, exercise and lapsed options on a cumulative basis are as follows:

Particulars	Number of options/Equity Shares*
ESOP pool	13,653,598
Options granted	11,987,106
Options forfeited/lapsed/cancelled	2,341,230
Options exercised	946,466
Total number of Equity Shares of face value of ₹5 each that would arise as a result of exercise of options	8,699,410
Options vested (including options that have been exercised)	4,091,524
Total number of options outstanding in force	8,699,410

* *As certified by V. C. Shah & Co., Chartered Accountants pursuant to their certificate dated July 31, 2024.*

(i) ESOP 2019

Our Company, pursuant to the resolutions passed by our Board on January 28, 2020, and our Shareholders on February 5, 2020, adopted the ESOP 2019 ("**ESOP 2019**"). The ESOP 2019 was further amended by Board and Shareholders resolutions dated April 30, 2024 and June 20, 2024, respectively. The objective of ESOP 2019 is to: (a) enable our Company to attract and retain talented human resources by offering them an opportunity to acquire a continuing equity interest in our Company which will reflect their efforts in building the growth and the profitability of our Company; and/or (b) reward employees for their performance and to provide existing employees an opportunity for investment in our Company's equity interest in recognition of their efforts to grow and build our Company. The ESOP 2019 is in compliance with the SEBI SBEB & SE Regulations.

As on the date of this Draft Red Herring Prospectus, under ESOP 2019, 11,987,106 Equity Shares were granted to the employees of our Company. Of the granted options, an aggregate of 4,091,524 options have been vested of which 946,466 options have been exercised, 2,341,230 options have lapsed/cancelled and 8,699,410 options are outstanding.

All options under the ESOP 2019 that have been granted till the date of this Draft Red Herring Prospectus have been granted to the employees of our Company and such options have been granted in compliance with Companies Act.

The details of the ESOP 2019, as certified by V. C. Shah & Co., Chartered Accountants, through a certificate dated July 31, 2024, are as follows:

Particulars	**Details**			
	From April 1, 2024 till the date of this Draft Red Herring Prospectus	**Fiscal 2024**	**Fiscal 2023**	**Fiscal 2022**
Options outstanding at the beginning of the period	8,532,084	9,134,190	7,614,806	7,340,856
Options granted	195,428	1,178,218	2,001,532	826,902
Options vested (including exercised)	308,770	1,235,524	893,748	800,692
Vesting period (years)	4 years	4 years	4 years	4 years
Options exercised	Nil	946,466	Nil	Nil
Exercise price (₹)	347.50	226-347.50	115 - 181.50	96.5 - 115
Options forfeited/lapsed/cancelled	28,102	833,858	482,148	552,952
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options)	8,699,410	8,532,084	9,134,190	7,614,806
Options outstanding (including vested and unvested options)	8,699,410	8,532,084	9,134,190	7,614,806
Variation of terms of options	Nil	Nil	Nil	Nil
Money realized by exercise of options	Nil	73,814,814	Nil	Nil
Total number of options in force	8,699,410	8,532,084	9,134,190	7,614,806
Employee wise details of options granted to:				
(i) Key Managerial Personnel and Senior Management Personnel				
Key Managerial Personnel				
Amit Gainda	Nil	Nil	Nil	3,922,568
Rajesh Pravinkumar Gandhi	Nil	5,750	Nil	Nil
Vikrant Virendra Gandhi	Nil	240,000	Nil	Nil
Senior Management				
Achal Goel	Nil	200,000	Nil	Nil
Amit Yadav	Nil	Nil	Nil	412,688
Ganesh Raghuraman Iyer	Nil	Nil	44,898	64,862
Rajesh Kachave	Nil	Nil	Nil	415,232
Rajiv Kumar	Nil	20,000	60,000	Nil
Samir Mohanty	-	Nil	Nil	428,200
Sorabh Malhotra	Nil	Nil	280,000	Nil
Vivek Kumar Baranwal		Nil	Nil	412,200
Yogesh Rawat	Nil	Nil	500,000	Nil
(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil	Nil	Nil	Nil
(iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil	Nil	Nil	Nil
Diluted EPS pursuant to the issue of Equity Shares on exercise of options calculated in accordance with the applicable accounting standard on 'Earnings Per Share'	NA	15.05	8.50	3.78
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and its impact on profits and EPS of our Company	NA	NA	NA	NA
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,				

Particulars	Details			
	From April 1, 2024 till the date of this Draft Red Herring Prospectus	**Fiscal 2024**	**Fiscal 2023**	**Fiscal 2022**
expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option				
- Expected life of options (years)	4 years	4 years	4 years	4 years
- Expected Volatility (% p.a.)	13.38 to 25.01	13.38to 25.01	23.99 to 24.42	24.93 to 25.00
- Risk Free Rate of Return (%)	6.91 to 7.24	6.91 to 7.24	7.13 to 7.24	5.47 to 5.55
- Dividend Yield (% p.a.)	-	-	-	-
- Exercise price per share (₹)	226-347.50	226-347.50	115-181.50	96.50-115
- Weighted average share price on the date of grant of option (₹)	226-347.50	226-347.50	115-181.50	96.50-115
Impact on profits and EPS of the last three years if the accounting policies prescribed in the SEBI SBEB & SE Regulations had been followed in respect of options granted in the last three years	Not applicable as our Company has followed similar accounting policies, as mentioned. In the erstwhile Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, and the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as applicable			
Intention of the Key Managerial Personnel and Senior Management Personnel and whole-time Directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares pursuant to the Offer	Nil			
Intention to sell Equity Shares arising out of ESOP 2019 within three months after the date of listing of Equity Shares, by directors, Key Management Personnel, Senior Management Personnel and employees having Equity Shares arising out of ESOP 2019, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Nil			

(ii) **ESOP 2024**

Our Company, pursuant to the resolutions passed by our Board on May 14, 2024, and our Shareholders on June 20, 2024, adopted the ESOP 2024 ("**ESOP 2024**"). The objective of ESOP 2024 is to reward our eligible employees of our Company (present or future) in India and/or outside for their performance and to motivate them to contribute to the growth and profitability of our Company. ESOP 2024 aims to attract and retain talent in the organisation. The ESOP 2024 is in compliance with the SEBI SBEB & SE Regulations. The total number of options that may be granted under that ESOP 2024 is 4,000,000.

As on the date of this Draft Red Herring Prospectus, under ESOP 2024, the Nomination, Remuneration and Compensation Committee has approved the grant of upto 2,996,950 options. Our Company may grant these options to the relevant grantees. Further, our Company may grant the remaining options, subject to the approval of the Nomination, Remuneration and Compensation Committee prior to the filing of the Red Herring Prospectus.

13. As on the date of this Draft Red Herring Prospectus, all the Equity Shares of face value of ₹5 each held by our Promoter are held in dematerialised form.

14. Except for holding of 1.12% of the Equity Share capital of face value of ₹5 each on a fully diluted basis by Avendus Future Leaders Fund II, a SEBI registered alternative investment fund, managed by Avendus PE Investment Advisors Private Limited, a wholly owned subsidiary of Avendus, one of our BRLMs, none of our BRLMs and their respective associates (as defined under the SEBI Merchant Bankers Regulations) hold any Equity Shares of face value of ₹5 each in our Company as on the date of this Draft Red Herring Prospectus.

15. There are no partly paid up Equity Shares of face value of ₹5 each as on the date of this Draft Red Herring Prospectus and all Equity Shares of face value of ₹5 each issued pursuant to the Offer will be fully paid up at the time of Allotment.

16. None of our Promoter, our Directors, Directors of our Promoter and their respective relatives have purchased, acquired or sold any securities of our Company during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

17. Our Company, our Directors and the BRLMs have not entered into any buy-back arrangements for purchase of Equity Shares of face value of ₹5 each being offered through the Offer.

18. Except for the allotment of Equity Shares of face value of ₹5 each pursuant to exercise of options granted under the ESOP Schemes and allotment of Equity Shares of face value of ₹5 each pursuant to the Offer, there will be no further issue of Equity Shares of face value of ₹5 each whether by way of issue of bonus shares, rights issue, preferential issue or any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus until the listing of the Equity Shares of face value of ₹5 each on the Stock Exchanges pursuant to the Offer or all application moneys have been refunded to the Anchor Investors, or the application moneys are unblocked in the ASBA Accounts on account of non-listing, under-subscription etc., as the case may be this is in the event there is a failure of the Offer.

19. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares of face value of ₹5 each or further issue of Equity Shares of face value of ₹5 each 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 of face value of ₹5 each or qualified institutions placements or otherwise. Provided, however, that the foregoing restrictions do not apply to (a) the issuance of any Equity Shares of face value of ₹5 each under the Offer; and (b) any issuance of Equity Shares of face value of ₹5 each pursuant to the exercise of employee stock options granted or which may be granted under the ESOP Schemes.

20. At any given time, there shall be only one denomination for the Equity Shares.

21. 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 in the Offer. Except for option granted pursuant to ESOP Schemes as disclosed in this section, there are no outstanding convertible securities or any warrant, option or right to convert a debenture, loan or other instrument which would entitle any person any option to receive Equity Shares of face value of ₹5 each, as on the date of this Draft Red Herring Prospectus.

22. No person connected with the Offer, including, but not limited to the BRLMs, the Syndicate Members, our Company, the Promoter (also the Promoter Selling Shareholder), Investor Selling Shareholders, our Directors, shall offer or make payment of any incentive, direct or indirect, in the nature of discount, commission and allowance, except for fees or commission for services rendered in relation to the Offer, in any manner, whether in cash or kind or services or otherwise, to any Bidder for making a Bid.

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

24. Our Company shall ensure that transactions in the Equity Shares of face value of ₹5 each by our Promoter between the date of filing of this Draft Red Herring Prospectus and the date of closure of the Offer shall be intimated to the Stock Exchanges within 24 hours of such transaction.

25. Our Promoter shall not participate in the Offer except to the extent of the Offer for Sale by our Promoter. Further, as on date of this Draft Red Herring Prospectus, our Promoter does not have any natural persons or body corporates who are part of our Promoter Group.

OBJECTS OF THE OFFER

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

Offer for Sale

The object of the Offer for Sale is to allow the Selling Shareholders to sell an aggregate of up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹25,000.00 million held by them. Each of the Selling Shareholders shall be entitled to its respective portion of the proceeds from the Offer for Sale in proportion of the Equity Shares of face value of ₹5 each offered by the respective Selling Shareholders as part of the Offer for Sale after deducting their proportion of Offer related expenses and relevant taxes thereon, as applicable. For further details, see "– *Offer Expenses*" on page 97 below. Our Company will not receive any proceeds from the Offer for Sale and the proceeds from the Offer for Sale will not form part of the Net Proceeds. For further details of the Offer for Sale, see "*The Offer*" beginning on page 60.

Fresh Issue

Our Company proposes to utilize the Net Proceeds towards augmenting our capital base to meet our Company's future capital requirements arising out of growth of our business and assets.

Further, a portion of the proceeds from the Fresh Issue will be used towards meeting Offer Expenses. For further details, see "– *Offer Expenses*" on page 97 below.

In addition, our Company expects to receive the benefits of listing of the Equity Shares of face value of ₹5 each on the Stock Exchanges, including enhancement of our Company's brand name and creation of a public market for our Equity Shares of face value of ₹5 each in India.

The main objects clause and objects incidental and ancillary to the main objects clause of our Memorandum of Association enables us to undertake our existing business activities and undertake the activities proposed to be funded from the Net Proceeds.

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

Net Proceeds

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

Particulars	Estimated amount (₹ in million)
Gross proceeds of the Fresh Issue	Up to 10,000.00
(Less) Estimated Offer related expenses in relation to the Fresh Issue	[●](1)(2)
Net Proceeds	**[●]**

(1) *To be finalised upon determination of the Offer Price and Offer expenses and shall be updated in the Prospectus prior to filing with the RoC.*
(2) *For details, see "- Offer Expenses" below.*

Proposed schedule of implementation and deployment of Net Proceeds

The Net Proceeds are proposed to be deployed over the course of Financial Year 2025. The proposed fund deployment is based on current circumstances of our business, management estimates, market conditions and other commercial factors. We may have to revise our estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable laws.

Details of the Objects of the Fresh Issue

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

We are an education focused non-deposit taking NBFC operating in India and are registered with the RBI under Section 45 IA of the Reserve Bank of India Act, 1934. We are an education focused non-banking financial company ("**NBFC**") operating in India, and as of March 31, 2024, we are the second largest education focused NBFC in India by assets under management ("**AUM**") (Source: *CRISIL MI&A Report*). For further details see "*Our Business*" on page 174. As an NBFC, we are subject to regulations relating to capital adequacy which require us to maintain a minimum capital adequacy ratio consisting of Tier – I and Tier – II capital of not be less than 15% of our aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items with Tier – I capital not below 10% at any point in time in terms of the NBFC Scale Based Regulations. For further details, see "*Key Regulations and Policies*" on pages 192.

The table below sets forth the details of Company's Tier – I and Tier – II capital as at March 31, 2024, March 31, 2023 and March 31, 2022, based on the standalone figures:

(₹ in millions except percentages)

Particulars	March 31, 2024	March 31, 2023	March 31, 2022
Tier I Capital(1)	**34,986.01**	**20,764.98**	**9,605.47**
Tier II Capital	**760.21**	**431.96**	**598.35**
Total Capital Fund (Tier I & II)	**35,746.23**	**21,196.95**	**10,203.82**
Risk weighted assets	**129,890.30**	**85,262.02**	**44,446.55**
Capital to risk weighted ratio (%)(2)	**27.52**	**24.86**	**22.96**
Post-Offer CRAR (%)			[●](3)%

Notes:

(1) *Tier I capital comprises share capital, share premium, retained earnings including current year profit. Tier II capital comprises provision on stage I loan assets and subordinated liability. Risk weighted assets represent the weighted sum of our credit exposures based on their risk (Computed in accordance with the relevant RBI guidelines)*

(2) *Capital-to-risk weighted assets ratio (CRAR) is computed by dividing our Tier I and Tier II capital by risk weighted assets (Computed in accordance with the relevant RBI guidelines).*

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

As of March 31, 2024, our Company's CRAR (on a standalone basis) was 27.52% of which Tier – I capital was 26.94%. The following table sets forth certain details regarding our Company's CRAR (on a standalone basis) and Tier – I and Tier – II capital ratios, as of the dates indicated:

Particulars	As of		
	March 31, 2024	March 31, 2023	March 31, 2022
CRAR (%)(1)	27.52	24.86	22.96
Tier I Capital (%)(2)	26.94	24.35	21.61
Tier II Capital (%)(2)	0.58	0.51	1.35

Notes:

(1) *Capital-to-risk weighted assets ratio (CRAR) is computed by dividing our Tier I and Tier II capital by risk weighted assets (Computed in accordance with the relevant RBI guidelines).*

(2) *Tier I capital comprises share capital, share premium, retained earnings including current year profit. Tier II capital comprises provision on stage I loan assets and subordinated liability. Risk weighted assets represent the weighted sum of our credit exposures based on their risk (Computed in accordance with the relevant RBI guidelines).*

Set forth below are the details of our AUM as of March 31, 2024 and March 31, 2023 and March 31, 2022:

(₹ in million, except percentages)

Particulars	As of March 31, 2024	As of March 31, 2023	As of March 31, 2022
AUM	133,030.47	86,460.68	48,356.09
AUM growth (%)	53.86	78.80	55.82

Notes:

(1) *AUM represents the aggregate of principal outstanding of loan originated by our Company (including assignees' share of loan portfolio transferred under direct assignment and/ or co-lending transactions) and loan portfolio purchased under direct assignment, as on last day of the year.*

(2) *AUM growth represents percentage growth in AUM as of the relevant year over AUM of the previous year end.*

Set out below are details of our total Term Loans (Gross) and Gross carrying amount of Stage 3 loans (Gross NPAs) as at March 31, 2024:

(in millions, unless stated otherwise)

Particulars	As at March 31, 2024
Term Loans (Gross)(1)	125,208.55
Gross carrying amount of Stage 3 loans	532.35
Gross Stage 3 Loans (%)(2)	0.43

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

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

As we continue to grow our loan portfolio and asset base, we will require additional capital in order to continue to meet applicable capital adequacy ratios with respect to our business. The Net Proceeds will be utilised to increase our Company's Tier – I capital base to meet our future capital requirements which are expected to arise out of growth of our business and assets. For further details, see "*Our Business*" on page 174.

The Net Proceeds are expected to lead to an improvement in the overall capital position of our Company, which in turn will help reducing the overall leverage of our Company, thus enabling us to optimize our leverage to a higher level to undertake onward lending. Further, the Net Proceeds of ₹[●] may be utilized towards onward lending, among other things, and improve our CRAR, and enable us to leverage more, We believe that maintaining higher Tier 1 capital will help us remain competitive with our industry peers. We anticipate that the portion of the Net Proceeds allocated towards this object will be sufficient to satisfy our Company's future capital requirements, which are expected to arise of out of growth of our business and assets.

Offer Expenses

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

The Offer related expenses consist of listing fees, underwriting fees, selling commission and brokerage, fees payable to the

BRLMs, legal counsels, Registrar to the Offer, Escrow Collection Bank, Public Offer Account Bank, Refund Bank and Sponsor Banks including processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares of face value of ₹5 each on the Stock Exchanges.

Other than (i) the listing fees, stamp duty payable on issue of Equity Shares pursuant to Fresh Issue and audit fees of statutory auditors (to the extent not attributable to the Offer), which shall be solely borne by the Company, and expenses in relation to product or corporate advertisements, i.e., any corporate advertisements consistent with past practices of our Company (other than the expenses relating to marketing and advertisements undertaken in connection with the Offer) which shall be solely borne by our Company; and (ii) fees for counsel to the Selling Shareholders, if any, which shall be solely borne by the respective Selling Shareholders, each of our Company and the Selling Shareholders agree to incur and pay, in the manner specified below, the costs and expenses directly attributable to the Offer, on a *pro rata* basis, in proportion to the number of Equity Shares issued and Allotted by our Company through the Fresh Issue and sold by each of the Selling Shareholders through the Offer for Sale, then upon listing of the Equity Shares on the Stock Exchange(s) pursuant to the Offer in accordance with applicable law. From an administrative perspective, all the expenses relating to the Offer (except for BRLMs fees and expenses incurred by the BRLMs in relation to the Offer which shall be paid in accordance with the fee letter) shall be paid by our Company in the first instance and upon commencement of listing and trading of the Equity Shares on the Stock Exchanges pursuant to the Offer, the relevant Selling Shareholder agrees that it shall, severally and not jointly, reimburse our Company on a pro rata basis, in proportion to its respective portion of the Offered Shares sold in the Offer, for any documented expenses incurred by the Company on behalf of such Selling Shareholder, subject to receipt of supporting documents for such expenses upon the successful completion of the Offer. In connection with the above, each Selling Shareholder authorises our Company to deduct from the proceeds of the Offer for Sale directly from the Public Offer Account, expenses of the Offer required to be borne by such Selling Shareholder, if not already paid, in proportion to its respective Offered Shares sold in the Offer, in accordance with applicable law. If the Offer is withdrawn, abandoned, postponed or not successful or consummated or completed for any reason whatsoever, all Offer related expenses (including but not limited to the costs, charges, fees and reimbursement of the BRLMs and the legal counsels in relation to the Offer) which may have accrued up to the date of such withdrawal, abandonment, postponement or failure shall be borne by our Company, unless required by applicable law or written observations issued by any governmental authority in relation to the Offer. Further, if a Selling Shareholder fully withdraws from the Offer or abandons the Offer or the Offer Agreement is terminated in respect of a Selling Shareholder, in each case, at any stage prior to the completion of the Offer, such Selling Shareholder will not be liable to reimburse our Company for any costs, charges, fees and expenses associated with and incurred in connection with the Offer.

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

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

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

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

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

* *Amount Allotted is the product of the number of Equity Shares of face value of ₹5 each Allotted and the Offer Price*

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

The selling commission and bidding charges payable to Registered Brokers, the RTAs and CDPs will be determined on the basis of the bidding terminal

ID as captured in the Bid book of BSE or NSE.

Processing fees payable to the SCSBs on the portion for RIBs, Non-Institutional Bidders which are procured by the Members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:

Portion for RIBs	*₹[●] per valid Bid cum Application Form (plus applicable taxes)*
Portion for Non-Institutional Bidders	*₹[●] per valid Bid cum Application Form (plus applicable taxes)*

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

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

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

* *For each valid application.*

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

The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation in compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/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 and SEBI Circular No. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.

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

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

* *Amount Allotted is the product of the number of Equity Shares of face value of ₹5 each Allotted and the Offer Price.*

Means of finance

The fund requirements set out for the aforesaid objects of the Offer are proposed to be met entirely from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and existing identifiable accruals as required under the SEBI ICDR Regulations.

Interim use of Net Proceeds

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

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

Bridge Financing Facilities

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

Monitoring of Utilization of Funds

In terms of Regulation 41 of the SEBI ICDR Regulations, as the proposed Fresh Issue exceeds ₹1,000.0 million, our Company will appoint a monitoring agency to monitor the utilisation of the Gross Proceeds, prior to filing of the Red Herring Prospectus with the RoC. Our Audit Committee and the Monitoring Agency will monitor the utilisation of the Gross Proceeds and the Monitoring Agency shall submit the report required under Regulation 41(2) of the SEBI ICDR Regulations, on a quarterly basis, until such time as the Gross Proceeds have been utilised in full. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilisation of the Gross Proceeds, including interim use under a separate head in its balance sheet for such Financial Years as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Gross Proceeds have been utilised, till the time any part of the Issue Proceeds remains unutilised. Our Company will also, in its balance sheet for the applicable Financial Years, provide details, if any, in relation to all such Gross Proceeds that have not been utilised, if any, of such currently unutilised Gross Proceeds.

Pursuant to 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 uses and application of the Gross Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before our Audit Committee. Such disclosure shall be made only until such time that all the Gross Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company and such certification shall be provided to the Monitoring

Agency. Further, in accordance with Regulation 32 of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the utilisation of the Gross Proceeds from the objects of the Issue as stated above; and (ii) details of category wise variations in the utilisation of the Gross Proceeds from the objects of the Issue as stated above. Further, our Company, on a quarterly basis, shall include the deployment of Gross Proceeds under various heads, as applicable, in the notes to our quarterly results. Our Company will indicate investments, if any, of unutilised Gross Proceeds in the balance sheet of our Company for the relevant fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act and applicable rules, our Company shall not vary the objects of the Offer without our Company being authorised to do so by the Shareholders by way of a special resolution. Further, the dissenting Shareholders shall be provided an exit opportunity at a price and in such manner as prescribed under Regulation 59 and Schedule XX of the SEBI ICDR Regulations.

Other Confirmations

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

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

BASIS FOR OFFER PRICE

The Price Band will be determined by our Company in consultation with the Book Running Lead Managers. The Offer Price will also be determined by our Company, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares of face value of ₹5 each 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 ₹5 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price and Floor Price is [●] times the face value and the Cap Price is [●] times the face value. Investors should see "*Risk Factors*", *"Summary of Financial Information"* "*Our Business*", "*Restated Summary Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 26, 62, 174, 243 and 348, respectively, to have an informed view before making an investment decision.

Qualitative Factors

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

(1) India's Second Largest Education Focused NBFC by AUM and Disbursements, and Operating in a Large and Growing Addressable Market in India:

- Our AUM has increased to ₹133,030.47 million as of March 31, 2024 from ₹86,460.68 million as of March 31, 2023 and ₹48,356.09 million as of March 31, 2022, growing at a CAGR of 65.86% between March 31, 2022 and March 31, 2024.
- Education loans recorded AUM growth from ₹75 billion during Financial Year 2019 to ₹90 billion during Financial Year 2021 and an estimated ₹418 billion during Financial Year 2024, at a CAGR of 41.1% between Financial Years 2019 and 2024, and a CAGR of 65% between Financial Years 2021 and 2024, which is significantly higher than other asset classes.

(2) Pan-India, Multi-Channel Distribution Presence, Enabling Widespread Coverage with Limited Reliance on Branches:

- As of March 31, 2024, we serviced 545 locations in India, maintaining a hybrid presence, and combining a physical branch network of 19 branches and sales representative offices, staffed with a 215 member sales team, with our distribution network.

(3) Data-Analytics Driven Underwriting backed by a Robust Enterprise Risk Management and Collections Framework, Leading to a Healthy Asset Quality:

- We adopt a student-centric approach to underwriting with an analytics-led 'scorecard-based' model to assess students future employability and earning potential.
- We have developed an AI-ML enabled proprietary model to assist our collections team by predicting the propensity to bounce leading to consistent collection efficiencies. Such measures have resulted in our gross stage 3 loans (%) of 0.43% for our overall business, as of March 31, 2024.

(4) Technology and Analytics-Driven Business, with Scalable Operating Model:

- Technology has been at the forefront of our operations to drive distribution reach, operational and collection efficiency and overall borrower experience.
- Our end-to-end technology-enabled platform integrates physical and digital touchpoints during the loan life cycle, such as sourcing, application processing, underwriting and borrower services and engagement.

(5) Well Diversified Liability Profile with a Prudent Approach to Asset Liability Management:

- With a prudent approach to ALM, we maintain a well-diversified liability profile and have maintained a broad spectrum of lending relationships across banks and financial institutions.
- Our significant lending relationships increased from 30 as of March 31, 2022 to 32 as of March 31, 2023 and 38 as of March 31, 2024. Our debt to equity ratio reduced to 2.76 times as of March 31, 2024 from 3.35 times as of March 31, 2023 and 4.06 times as of March 31, 2022.

(6) Robust Financial Performance with Proven Track Record:

- Our disbursements increased 2.16 times to ₹63,350.03 million during the Financial Year 2024 from ₹29,284.88 million during the Financial Year 2022, growing at a CAGR of 47.07%.
- Our net profit increased for the year to ₹3,424.03 million during the Financial Year 2024, reflecting a significant increase of over 5.42 times from ₹632.07 million during the Financial Year 2022.

(7) Experienced, Cycle-Tested and Professional Management Team backed by Marquee Investors:

- Our Managing Director and CEO, Amit Gainda, has over 25 years' experience in the banking and financial services sectors.

For details, see "*Our Business – our Strengths*" on page 177.

Quantitative Factors

Some of the information presented below relating to our Company is derived from the Restated Summary Statements. For details, see "*Restated Summary Statements*" and "*Other Financial Information*" on pages 243 and 342, respectively.

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

A. Basic and Diluted Earnings Per Equity Share ("EPS"):

Financial Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2024	15.40	15.05	3
March 31, 2023	8.66	8.50	2
March 31, 2022	3.83	3.78	1
Weighted Average	**11.23**	**10.99**	-

Notes:

(1) *Basic Earnings per Share (₹) = Basic earnings per share are calculated by dividing the net profit or net loss for the year attributable to equity shareholders by the weighted average number of Equity Shares of face value of ₹5 each outstanding during the year.*

(2) *Diluted Earnings per Share (₹) = Diluted earnings per share are calculated by dividing the net profit or net loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares outstanding during the year.*

(3) *Basic and diluted earnings per equity share: Basic and diluted earnings per equity share are computed in accordance with Indian Accounting Standard 33 - "Earnings per share", notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).*

(4) *Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.*

(5) *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].*

(6) *Pursuant to March 31, 2024, the Board of Directors of our Company in its meeting held on April 4, 2024 and shareholders in the Extraordinary General Meeting held on April 26, 2024 approved the sub-division of equity shares from Rs. 10 per share to Rs. 5 per share.*

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

Particulars	P/E at the Floor Price (number of times)	P/E at the Cap Price (number of times)
Based on basic EPS for the financial year ended March 31, 2024	[●]*	[●]*
Based on diluted EPS for the financial year ended March 31, 2024	[●]*	[●]*

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

C. Industry Peer Group P/E ratio

Since there are no listed peer companies that engage in a business similar to that of our Company. Accordingly, it is not possible to provide an industry comparison in relation to our Company.

D. Return on Net worth ("RoNW") derived from the Restated Summary Statements

Financial Year ended	RoNW (%)	Weight
March 31, 2024	9.31	3
March 31, 2023	7.34	2
March 31, 2022	6.26	1
Weighted Average	**8.15**	-

Notes:

(1) *Return on Net Worth (%) = Net profit for the year divided by net worth as at the end of the year.*

E. Net Asset Value ("NAV")

Financial Year	Amount (₹)
As on March 31, 2024	146.00
After the Offer*	
- At the Floor Price	[●]*
- At the Cap Price	[●]*
- At Offer Price	[●]*

* *To be computed after finalisation of the Price Band. Offer Price per Equity Share will be determined on conclusion of the Book Building Process.*

Note: Net Asset Value per Equity Share: This is calculated as Net worth as of the end of relevant year divided by the aggregate of total number of Equity Shares outstanding at the end of such year. Pursuant to a resolution passed by our Board on April 4, 2024, and a resolution passed by the Shareholders on April 26, 2024, our Company has sub-divided 125,911,616 equity shares of face value of ₹10 each to 251,823,232 Equity Shares of face value of ₹5 each. Computation for NAV is after taking into account share sub-division as per the principles of Ind AS 33.

F. Comparison of Accounting Ratios with listed industry peers

We are an education focused non-banking financial company ("**NBFC**") operating in India. According to the CRISIL MI&A Report, NBFCs focused on education loans include HDFC Credila Financial Services Limited, Avanse

Financial Services Limited and Auxilo Finserve Private Limited based on the size of AUM. Hence, the education focused financing business in which we operate has a few NBFCs, none of which have their equity shares listed on stock exchanges in India.

Key elements such as our target customer segment, repayment pattern of our loans and method of underwriting are unique to the education focused financing business in comparison to other listed NBFCs. Thus, it may be difficult to benchmark and evaluate our business against other listed NBFCs.

Also, while certain banks in India offer education loans, their education loan business forms a part of their loan portfolio and overall banking services and hence, may not be comparable with our business. Key differentiation in education loans offered by Banks and NBFCs is described in the "*Industry Overview – Product differentiation in Education Loans offered by banks and NBFCs*" on page 159.

G. Key Performance Indicators

The tables below set forth the details of key performance indicators ("**KPIs**") that our Company considers have a bearing for arriving at the basis for Offer Price. These KPIs disclosed below have been approved and confirmed by a resolution of our Audit Committee dated July 30, 2024. Further, the Audit Committee has confirmed and taken on record that other than the KPIs set out below, no other KPIs pertaining to our Company have been disclosed to any earlier investors at any point of time during the three years prior to the date of this Draft Red Herring Prospectus have been certified by V. C. Shah & Co, Chartered Accountants by their certificate dated July 31, 2024.

Bidders can refer to the below-mentioned KPIs to make an assessment of our Company's performance and make an informed decision. Some of these KPIs are not defined under Ind AS and are not presented in accordance with Ind AS and may have limitations as analytical tools.

A list of our KPIs, is set out below for the indicated periods below:

Particulars	Unit	As at and for the Fiscal ended		
		March 31, 2024	March 31, 2023	March 31, 2022
Branches and Sales representative offices (SROs) (1)	Number	19	16	16
Outstanding number of student loans – International (2)	Number	35,802	22,746	12,499
Assets Under Management (AUM) (3)	₹ in million	133,030.47	86,460.68	48,356.09
AUM Growth (4)	%	53.86	78.80	55.82
Cumulative number of countries in student loans – international disbursed (5)	Number	49	48	48
Number of employees (6)	Number	672	521	420
AUM per Branch and SRO (7)	₹ in million	7,001.60	5,403.79	3,022.26
AUM per Employee (8)	₹ in million	219.52	186.74	121.80
Disbursements (9)	₹ in million	63,350.03	61,416.31	29,284.88
Disbursement Growth (10)	%	3.15	109.72	196.28
Disbursement(9) - Student Loans – International	₹ in million	47,127.95	34,079.94	15,512.45
Disbursement Growth(10) - Student Loans – International	%	38.29	119.69	289.51
Credit cost to Average Term Loan (Gross) (11)	%	0.75	0.69	0.51
Operating Expense to Average AUM (12)	%	2.83	2.80	3.40
Yield on Average Term Loans (Gross) (13)	%	13.01	12.60	12.32
Net worth (14)	₹ in million	36,767.17	21,497.22	10,096.64
Total Borrowings (15)	₹ in million	101,352.45	72,101.25	41,002.79
Tier I Capital (16)	%	26.94	24.35	21.61
Capital to risk weighted assets ratio (CRAR) (17)	%	27.52	24.86	22.96
Total Borrowings to Net worth ratio (18)	Times	2.76	3.35	4.06
Net Asset Value per Equity Share (19)	₹	146.00	100.80	61.12
Term loans (Net) (20)	₹ in million	123,968.20	83,712.24	47,159.87
Gross Stage 3 loans (21)	%	0.43	0.56	1.29
Net Stage 3 loans (22)	%	0.13	0.17	0.53
Provision Coverage Ratio (23)	%	69.70	69.32	59.31
Total Income (24)	₹ in million	17,288.06	9,902.29	5,085.41
Net profit for the year (25)	₹ in million	3,424.03	1,577.11	632.07
Net Profit for the year (PAT) to average AUM (26)	%	3.09	2.29	1.65
Net Interest Margin (27)	%	4.85	4.68	4.96
Cost to Income Ratio (28)	%	36.84	42.74	55.45
Return on Total Assets (29)	%	2.83	2.04	1.48
Return on Equity (30)	%	12.81	12.31	6.50
Cost of Borrowings (32)	%	9.72	8.90	8.76

Particulars	Unit	As at and for the Fiscal ended		
		March 31, 2024	March 31, 2023	March 31, 2022
Credit Ratings [33]				
CARE Ratings Ltd.	Rating	CARE AA- Stable CARE A1+	CARE A+ Positive CARE A1+	CARE A+ Stable CARE A1+
Brickworks Ratings India Pvt. Ltd.		BWR AA- Stable	BWR A+ Positive	BWR A+ Stable
ICRA Limited		ICRAA1+	-	-

Notes:

(1) *Branches and Sales representative offices (SROs): This represents total number of active branches and SROs as of the last day of relevant year.*

(2) *Outstanding number of student loans – International: This represents total count of student loans - International based on outstanding AUM as of the last day of relevant year.*

(3) *Assets Under Management (AUM): AUM represents the aggregate of principal outstanding of loan originated by our Company (including assignees' share of loan portfolio transferred under direct assignment and/ or co-lending transactions) and loan portfolio purchased under direct assignment, as on last day of the relevant year.*

(4) *AUM Growth: AUM Growth represents percentage growth in AUM for the relevant year over AUM of the previous year end.*

(5) *Cumulative number of countries in student loans – international disbursed: This represents total number of countries where our Company has disbursed student loans – International up to the end of the relevant year.*

(6) *Number of employees: This represents total number of on-roll employees as of the last day of relevant year.*

(7) *AUM per Branch and SRO: AUM per branch and SRO represents AUM as of the last day of the relevant year divided by the aggregate number of our branches and SROs as of the last day of relevant year.*

(8) *AUM per Employee: AUM per employee represents AUM as of the last day of the relevant year divided by the average number of our on-roll employees, as of the last day of relevant year.*

(9) *Disbursements: Disbursements is the aggregate of all loan amounts paid to/ on behalf of customers, including disbursements in tranches, in the relevant year. The definition also covers overall disbursements at company level as well as at product level.*

(10) *Disbursement Growth: Disbursement Growth represents percentage growth in Disbursement for the relevant year over Disbursement of the previous year end. The definition also covers overall disbursements at company level as well as at product level.*

(11) *Credit cost to Average Term Loans (Gross): This represents credit cost (i.e. impairment loss allowance, and write-off (net of recovery) on financial instruments) during the relevant year divided by average term loans (gross).*

(12) *Operating Expenses to Average AUM: This represents Operating Expenses divided by the average AUM for the relevant year. Operating Expenses is aggregate of employee benefits expense, depreciation and amortization expense and other expenses.*

(13) *Yield on Average Term Loans: Yield on average term loans (gross) is Interest income on loans measured at amortized cost divided by average term loans (gross) as at the end of the relevant year.*

(14) *Net worth: Net worth of our Company 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, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*

(15) *Total Borrowings: This represents the aggregate of debt securities, subordinated liabilities and borrowings (other than debt securities) outstanding as at the end of the relevant year.*

(16) *Tier I Capital: This comprises of share capital, share premium, retained earnings including current year profit which has been computed as per relevant RBI Guidelines*

(17) *Capital-to-risk weighted assets ratio (CRAR): This is computed (on a standalone basis) by dividing our Tier I and Tier II capital by risk weighted assets (computed in accordance with the relevant RBI guidelines).*

(18) *Total Borrowings to Net worth ratio: This represents total borrowings as at the end of relevant year divided by net worth as at the end of such year.*

(19) *Net Asset Value per Equity Share: This is calculated as Net worth as of the end of relevant year divided by the aggregate of total number of Equity Shares outstanding at the end of such year. Pursuant to a resolution passed by our Board on April 4, 2024, and a resolution passed by the Shareholders on April 26, 2024, our Company has sub-divided 125,911,616 equity shares of face value of ₹10 each to 251,823,232 Equity Shares of face value of ₹5 each. Computation for NAV for all years is after taking into account share sub-division as per the principles of Ind AS 33.*

(20) *Term loans (Net): This represents the term loans (gross) outstanding as reduced by Impairment loss allowance on such term loans as at the last day of the relevant year.*

(21) *Gross Stage 3 loans (%): This is computed by dividing the Gross carrying amount of Stage 3 loans with term loans (gross) outstanding as of the end of the relevant year.*

(22) *Net Stage 3 loans (%): This is computed by dividing the Net carrying amount of Stage 3 loans with term loans (gross) outstanding as of the end of the relevant year. Net carrying amount of Stage 3 loans represent Gross carrying amount of Stage 3 loans reduced by specific impairment loss allowance for Stage 3 loans as at the end of relevant year.*

(23) *Provision Coverage Ratio: This is computed by dividing the impairment loss allowance for Stage 3 loans with Gross carrying amount of Stage 3 loans as at the end of the relevant year.*

(24) *Total Income: This represents the Total Income for the relevant year.*

(25) *Net profit for the year: This represents the profit for the relevant year.*

(26) *Net profit for the year (PAT) to average AUM: This represents profit divided by average of AUM for the year.*

(27) *Net Interest Margin: This represents the difference between total interest income and finance costs divided by the average of interest earning assets for the year. Interest Earning Assets represents the aggregate of term loans (gross), balances with banks in fixed deposit accounts; and investments in government securities outstanding as of the last day of the relevant year.*

(28) *Cost to Income Ratio: This represents Operating Expenses divided by Net Total Income (i.e., total income minus finance costs) for the relevant year. Operating Expenses is aggregate of employee benefits expense, depreciation and amortization expense and other expenses.*

(29) *Return on Total Assets (ROTA): This represents net profit for the year divided by average of total assets for the year.*

(30) *Return on Equity: This is calculated by dividing net profit for the year with average of Total Equity.*

(31) *Total Equity: This represents aggregate of Equity share capital and Other Equity as of the end of the relevant year.*

(32) *Cost of Borrowings: This represents total finance cost divided by average total borrowings.*

(33) *Credit ratings: It represents credit rating issued by a SEBI registered rating agency for various long-term and short-term borrowing facilities availed by our Company.*

For details of our other operating metrics disclosed elsewhere in this Draft Red Herring Prospectus, see "*Our Business*", "*Selected Statistical Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations"* beginning on pages 174, 232 and 348, respectively.

Our Company shall continue to disclose the KPIs disclosed hereinabove in this section on a periodic basis, at least once in a year (or for any lesser period as determined by the Board of our Company), for a period of one year from the date of listing of the Equity Shares of face value of ₹5 each on the Stock Exchanges pursuant to the Offer, or until utilization of Offer Proceeds as per the disclosure made in the section "*Objects of the Offer*" on page 96, whichever is later, or for such other period as may be required under the SEBI ICDR Regulations.

H. Description on the historic use of the KPIs by our Company to analyze, track or monitor the operational and/or financial performance of our Company

In evaluating our business, we consider and use certain KPIs as presented above, as a supplemental measure to review and assess our financial and operating performance. The presentation of these KPIs is not intended to be considered in isolation or as a substitute for the Restated Summary Statements. We use these KPIs to evaluate our financial and operating performance. Some of these KPIs are not defined under Ind AS and are not presented in accordance with Ind AS. These KPIs have limitations as analytical tools. Further, these KPIs may differ from the similar information used by other companies and hence their comparability may be limited. Therefore, these KPIs should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with Ind AS.

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

I. Explanation for the KPIs

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

KPIs	Definition	Explanation
Branches and Sales representative offices (SROs)	This represents total number of active branches and SROs as of the last day of relevant year.	This metric is used by the management to assess the productivity of branches and distribution capabilities of our Company.
Outstanding number of student loans – International	This represents total count of student loans - International based on outstanding AUM as of the last day of relevant year.	These metrics are used by the management to assess the growth in terms of scale, productivity and product and geographical composition of business of our Company.
Assets Under Management (AUM)	AUM represents the aggregate of principal outstanding of loan originated by our Company (including assignees' share of loan portfolio transferred under direct assignment and/ or co-lending transactions) and loan portfolio purchased under direct assignment, as on last day of the relevant year.	
AUM Growth	AUM Growth represents percentage growth in AUM for the relevant year over AUM of the previous year end.	
Term Loans (Net)	This represents the term loans (gross) outstanding as reduced by Impairment loss allowance on such term loans as at the last day of the relevant year.	
Number of employees	This represents total number of on-roll employees as of the last day of relevant year.	
AUM per Employee	AUM per employee represents AUM as of the last day of the relevant year divided by the average number of our on-roll employees, as of the last day of relevant year.	
AUM per Branch and SRO	AUM per branch and SRO represents AUM as of the last day of the relevant year divided by the aggregate number of our branches and SROs as of the last day of relevant year.	
Cumulative number of countries in student loans – international disbursed	This represents total number of countries where our Company has disbursed student loans – International up to the end of the relevant year.	
Disbursements	Disbursements is the aggregate of all loan amounts paid to/ on behalf of customers, including disbursements in tranches, in the relevant year. The definition also covers overall disbursements at company level as well as at product level.	

Disbursement Growth	Disbursement Growth represents percentage growth in Disbursement for the relevant year over Disbursement of the previous year end. The definition also covers overall disbursements at company level as well as at product level.	
Credit cost to Average term Loans (Gross)	This represents credit cost (i.e. impairment loss allowance, and write-off (net of recovery) on financial instruments) during the relevant year divided by average term loans (gross).	These metrics are used by the management to assess the asset quality of the loan portfolio and adequacy of provisions against delinquent loans.
Gross Stage 3 loans (%)	This is computed by dividing the Gross carrying amount of Stage 3 loans with term loans (gross) outstanding as of the end of the relevant year.	
Net Stage 3 loans (%)	This is computed by dividing the Net carrying amount of Stage 3 loans with term loans (gross) outstanding as of the end of the relevant year. Net carrying amount of Stage 3 loans represent Gross carrying amount of Stage 3 loans reduced by specific impairment loss allowance for Stage 3 loans as at the end of relevant year.	
Provision Coverage Ratio	This is computed by dividing the impairment loss allowance for Stage 3 loans with Gross carrying amount of Stage 3 loans as at the end of the relevant year.	
Total Income	This represents the Total Income for the relevant year.	These metrics are used by the management to assess the financial performance and profitability metrics and cost efficiency of the business of our Company.
Operating Expenses (cost) to Average AUM	This represents Operating Expenses divided by the average AUM for the relevant year. Operating Expenses is aggregate of employee benefits expense, depreciation and amortization expense and other expenses.	
Yield on Average term loans (Gross)	Yield on average term loans (gross) is Interest income on loans measured at amortized cost divided by average term loans (gross) as at the end of the relevant year.	
Net Interest Margin	This represents the difference between total interest income and finance costs divided by the average of interest earning assets for the year. Interest Earning Assets represents the aggregate of term loans (gross), balances with banks in fixed deposit accounts; and investments in government securities outstanding as of the last day of the relevant year.	
Cost to Income Ratio	This represents Operating Expenses divided by Net Total Income (i.e., total income minus finance costs) for the relevant year. Operating Expenses is aggregate of employee benefits expense, depreciation and amortization expense and other expenses.	
Total Borrowings	This represents the aggregate of debt securities, subordinated liabilities and borrowings (other than debt securities) outstanding as at the end of the relevant year.	This metric is used by the management to assess the requirement of financial resources which are deployed for the business growth and maintain adequate liquidity of our Company.
Cost of Borrowings	This represents total finance cost divided by average total borrowings.	This metric is used by the management to assess the cost for financial resources which are deployed for the business growth of our Company.
Tier I Capital	This comprises of share capital, share premium, retained earnings including current year profit which has been computed as per relevant RBI Guidelines	These metrics are used by the management to assess the adequacy of capital for the business growth of our Company
Capital-to-risk weighted assets ratio (CRAR)	This is computed by dividing our Tier I and Tier II capital by risk weighted assets (computed in accordance with the relevant RBI guidelines).	
Net worth	Net worth of our Company 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, but does	

	not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.	
Total borrowings to Net worth ratio (in times)	This represents total borrowings as at the end of relevant year divided by net worth as at the end of such year.	
Net asset value per Equity Share	This is calculated as Net worth as of the end of relevant year divided by the aggregate of total number of Equity Shares outstanding at the end of such year.	These metrics are used by the management to assess the return on the deployed capital and the assets in the business of our Company.
Net Profit for the year	This represents the profit for the relevant year.	
Net Profit for the year (PAT) to average AUM	This represents profit divided by average of AUM for the year.	
Return on Total Assets (ROTA)	This represents net profit for the year divided by average of total assets for the year.	
Return on Equity (ROE)	This is calculated by dividing net profit for the year with average of Total Equity. Total Equity represents aggregate of Equity share capital and Other Equity as of the end of the relevant year.	
Credit Rating	Credit rating issued by a SEBI registered rating agency for various long-term borrowing facilities availed by our Company	Credit Ratings represents the long–term and short-term credit ratings of our Company's various borrowing facilities on the basis of the assessment by independent rating agencies.

** All annual average numbers referred above are calculated on a five-point average basis i.e. taking the average numbers as of the last day of each of the four quarters of the relevant fiscal year and as of the last day of the preceding year.*

J. Comparison with listed Industry Peers

We are an education focused non-banking financial company ("**NBFC**") operating in India. According to the CRISIL MI&A Report, NBFCs focused on education loans include HDFC Credila Financial Services Limited, Avanse Financial Services Limited and Auxilo Finserve Private Limited based on the size of AUM. Hence, the education focused financing business in which we operate has a few NBFCs, none of which have their equity shares listed on stock exchanges in India.

Key elements such as our target customer segment, repayment pattern of our loans and method of underwriting are unique to the education focused financing business in comparison to other listed NBFCs. Thus, it may be difficult to benchmark and evaluate our business against other listed NBFCs.

Also, while certain banks in India offer education loans, their education loan business forms a part of their loan portfolio and overall banking services and hence, may not be comparable with our business. Key differentiation in education loans offered by Banks and NBFCs is described in the "*Industry Overview – Product differentiation in Education Loans offered by banks and NBFCs*" on page 159.

K. Weighted average cost of acquisition ("WACA"), Floor Price, Cap Price

(a) Price per share of our Company (as adjusted for corporate actions, including bonus issuances and split) based on primary/ new issue of Equity Shares of face value of ₹5 each or convertible securities (excluding Equity Shares of face value of ₹5 each issued under employee stock option plans and issuance of Equity Shares of face value of ₹5 each pursuant to a bonus issue) during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid up share capital of our Company (calculated based on the pre-Offer capital before such transactions 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

Date of Allotment	Name of allottee(s)	Number of Equity Shares(1) or convertible securities allotted	% of paid-up Equity Share capital on a fully diluted capital of the Company (2)	Price per Equity Share or convertible securities (in ₹)
March 22, 2024	Avendus Future	2,875,630	1.12	347.75
March 22, 2024	Alpha	25,880,662	10.11	347.75
				Weighted Average Price: 347.75

Note:

(1) Pursuant to a resolution passed by our Board on April 4, 2024, and a resolution passed by the Shareholders on April 26, 2024, our Company has sub-divided 125,911,616 equity shares of face value of ₹10 each to 251,823,232 Equity Shares of face value of

₹5 each.

(2) *Calculated on the basis of total equity shares held and vested options under the ESOP schemes, as on the date of DRHP.*

(b) Price per share of our Company (as adjusted for corporate actions, including bonus issuances and split based on secondary sale / acquisition of Equity Shares of face value of ₹5 each or convertible securities (excluding gifts), where our Promoter (also the Promoter Selling Shareholder), or Investor Selling Shareholders or other Shareholder(s) having the right to nominate director(s) to the Board of our Company are a party to the transaction (excluding gifts), during the 18 months preceding the date of filing of this Draft Red Herring Prospectus, where either acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-Offer capital before such transactions and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days

Nil

(c) Since there are no such transactions to report under (b) above, therefore, information on the price per equity share for the last five secondary transactions (secondary transactions our Promoter (also the Promoter Selling Shareholder), or Investor Selling Shareholders or other Shareholder(s) having the right to nominate director(s) to the Board of our Company, are a party to the transaction, not older than three years prior to the date of this Draft Red Herring Prospectus irrespective of the size of transactions, is as below:

Date of transfer	Number of equity shares transferred (adjusted for sub-division)	Nature of consideration	Nature of allotment	Total consideration (₹)	Issue price per equity share (adjusted for sub-division and bonus)
July 4, 2023	50,000	Cash	Transfer	11,306,500.00	226.13
July 5, 2023	8,266,736	Cash	Transfer	1,869,357,011.68	226.13
July 5, 2023	18,962	Cash	Transfer	4,287,877.06	226.13
July 5, 2023	14,378	Cash	Transfer	3,251,297.14	226.13
July 6, 2023	653,760	Cash	Transfer	147,834,748.80	226.13
Weighted average cost of acquisition (WACA) (Secondary transactions) (₹ per Equity Share)					**226.13**

(d) The Floor Price is [●]* times and the Cap Price is [●]* times the weighted average cost of acquisition at which the Equity Shares of face value of ₹5 each were issued by our Company, or acquired or sold by our Promoter (also the Promoter Selling Shareholder), Investor Selling Shareholders or other shareholders with the right to nominate directors on our Board are disclosed below:

Category of transactions	Weighted average cost of acquisition* (WACA) (in ₹)	Floor Price (₹[*]) is 'X' times the WACA	Cap Price (₹ [*]) is 'X' times the WACA^
(a) Weighted average cost of acquisition (as adjusted for corporate actions, including bonus issuances and split) 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 equity shares pursuant to a bonus issue during the 18 months preceding the date of filing of this Draft Red Herring Prospectus, where such issuance is equal to or more than five per cent of the fully diluted paid up share capital of our Company (calculated based on the pre-Offer 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	347.75	[*] times	[*] times
(b) Weighted average cost of acquisition (as adjusted for corporate actions, including bonus issuances and split) for secondary sale / acquisitions of shares (equity / convertible securities), where Promoter / promoter group entities or Shareholder(s) having the right to nominate director(s) in our Board are a party to the transaction (excluding gifts) excluding employee stock options granted but not vested during the 18 months preceding the date of filing of this Draft Red Herring Prospectus, where such acquisition/sale is equal to or more than five per cent of the fully diluted paid up share capital of our Company	N.A	[*] times	[*] times

Category of transactions	Weighted average cost of acquisition* (WACA) (in ₹)	Floor Price (₹[*]) is 'X' times the WACA	Cap Price (₹ [*]) is 'X' times the WACA^
(calculated based on the pre-Offer 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			
(c) Since there are no such transactions to report under (b) above, therefore, information on price per equity share for the last five secondary transactions (secondary transactions our Promoter (also the Promoter Selling Shareholder), or Investor Selling Shareholders or other Shareholder(s) having the right to nominate director(s) to the Board of our Company, are a party to the transaction, not older than three years prior to the date of this Draft Red Herring Prospectus irrespective of the size of transactions, is as below:			
- Based on secondary transactions	**226.13**	**[*] times**	**[*] times**

* *To be computed after finalization of price band.*

^ *As certified by V. C. Shah & Co., Chartered Accountants pursuant to their certificate dated July 31, 2024.*

L. Justification for Basis of Offer Price

1. **Detailed explanation for Offer Price/Cap Price being [●] price of weighted average cost of acquisition of primary issuance price/secondary transaction price of Equity Shares of face value of ₹5 each along with our Company's KPIs and financial ratios for and Fiscal 2024, 2023 and 2022**

   [●]*

   Note: This will be included on finalisation of Price Band

2. **Explanation for Offer Price/Cap Price being [●] price of weighted average cost of acquisition of primary issuance price/secondary transaction price of Equity Shares of face value of ₹5 each (set out in point [H] above) in view of the external factors, if any which may have influenced the pricing of the Offer**

   [●]*

   Note: This will be included on finalisation of Price Band

The Offer Price is [●] times of the face value of the Equity Share**s**. The Offer Price of ₹[●] has been determined by our Company in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares of face value of ₹5 each through the Book Building Process. Investors should read the above-mentioned information along with "*Risk Factors*", "*Our Business*", "*Restated Summary Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 26, 174, 243 and 348, respectively, to have a more informed view.

STATEMENT OF SPECIAL TAX BENEFITS

Statement of Special Tax Benefits available to Avanse Financial Services Limited (the "Company") and its shareholders under the applicable tax laws In India

The Board of Directors
Avanse Financial Services Limited
4th Floor, E Wing, Times Square Building
Andheri Kurla Road, Andheri (East)
Mumbai – 400 059

Dear Sirs/Madams,

1. We hereby confirm that the enclosed Annexures 1 and 2 (together, the "Annexures"), prepared by the Company, provides the special tax benefits available to the Company and to the shareholders of the Company as stated in the Annexures, under:

   - the Income-tax Act, 1961 (the "**Act**") as amended by the Finance Act, 2024 applicable for the Financial Year 2024-25 relevant to the Assessment Year 2025-26, presently in force in India; and

   - the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017 and the applicable State / Union Territory Goods and Services Tax Act, 2017, the Goods and Services Tax (Compensation to States) Act, 2017 and relevant rules made thereunder ("**GST Acts**"), as amended from time to time, the Customs Act, 1962 ("**Customs Act**") and the Customs Tariff Act, 1975 ("**Tariff Act**"), each as amended by the Finance Act, 2024 applicable for the Financial Year 2024-25, Foreign Trade Policy 2023-28 read with Foreign Trade - Handbook of Procedures, 2023 (unless otherwise specified), presently in force in India.

     The Act, the GST Acts, Customs Act and Tariff Act, as defined above, are collectively referred to as the "Relevant Acts".

2. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Relevant Acts. Hence, the ability of the Company to derive the tax benefits is dependent upon their fulfilling of such conditions which, based on business imperatives the Company face in the future, the Company or its shareholders may or may not choose to fulfil.

3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the management of the Company. We are informed that the Annexures are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares (the "**Proposed IPO**") by the Company.

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

   (i) the Company or its shareholders will obtain/ 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 views expressed herein.

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

6. This Statement is issued solely in connection with the proposed initial public offer of equity shares of face value Rs.5 each of the Company and is not to be used, referred to or distributed for any other purpose.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership Number: 102102
UDIN: 24102102BKCAAL9707
Place: Mumbai
Date: June 20, 2024

ANNEXURE-1

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO AVANSE FINANCIAL SERVICES LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961

Outlined below are the special tax benefits available to **Avanse Financial Services Limited** ('**AFSL**' or '**the Company**') and its Shareholders under the Income-Tax Act, 1961 (the "**Act**") as amended by the Finance Act, 2024 applicable for the Financial Year 2024-25 relevant to the Assessment Year 2025-26, presently in force in India.

A) TO THE COMPANY

1. Lower corporate tax rate under section 115BAA of the Act

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

i. Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone);

ii. Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation);

iii. Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in notified backward areas, tea, coffee, rubber development account, site restoration fund);

iv. Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research);

v. Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project);

vi. Deduction under section 35CCD (Expenditure on skill development)

vii. Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or Section 80M;

viii. No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred from clause i to vii above; and

ix. No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred from clause i to vii above.

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

The Company has opted for the new tax regime under section 115BAA of the Act w.e.f. Assessment Year 2020-21 and in this regard has duly filed the Form 10-IC within the prescribed due date. Accordingly, the MAT provisions are not applicable to the company w.e.f. Assessment Year 2020-21.

2. Accelerated deduction of bad and doubtful debts in terms of provision for bad and doubtful debts up to a specified limit under section 36(1)(viia) of the Act:

The Company is a Non-Banking Financial Company ('NBFC') as defined under clause (f) of section 45-I of the Reserve NBFC of India Act, 1934 (2 of 1934) read with Explanation 4(f) to Section 43B of the Act & Explanation (vii) to Section 36(1)(viia) of the Act and hence is entitled to accelerated deduction of bad and doubtful debts in terms of provision for bad and doubtful debts up to an amount not exceeding five per cent of the total income (computed before making any deduction under this clause and Chapter VI-A) under section 36(1)(viia)(d) of the Act in computing its income under the head "Profits and gains of business or profession".

As per first proviso to section 36(1)(vii) of the Act, where the Company has claimed deduction under section 36(1)(viia) of the Act, then subsequent claim of deduction of actual bad debts under section 36(1)(vii) of the Act would be reduced to the extent of the credit balance in the provision for bad and doubtful debt claimed as per section 36(1)(viia) of the Act.

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

3. Special provision in case of income of public financial institutions, public companies, etc under Section 43D of the Act:

As per Section 43D(a) of the Act, in case of notified NBFCs, interest income in relation to certain categories of bad or doubtful debts (as covered under Rule 6EA of the Income tax Rules, 1962), shall be chargeable to tax in the previous year in which it is credited to its profit and loss account for that year or actually received, whichever is earlier.

This provision is an exception to the accrual system of accounting which is regularly followed by such Company for computation of total income.

The Company is eligible for beneficial provisions of section 43D(a) of the Act.

B) TO THE SHAREHOLDERS

1. Dividend income earned by the shareholders would be taxable in their hands at the applicable rates.

2. Section 112A of the Act provides for concessional tax rate of 10% (plus applicable surcharge and cess) on long-term capital gains (exceeding Rs. 1,00,000) arising from the transfer of equity shares of the Company if Security Transaction Tax ('STT') has been paid on acquisition and transfer of equity shares and subject to fulfilment of other prescribed conditions (including Notification No. 60/2018/F.No.370142/9/2017-TPL dated 1 October 2018). However, the benefit of foreign currency exchange difference and indexation, as provided under the first and second proviso to section 48 of the Act, shall not be applicable for computing long-term capital gains taxable under section 112A of the Act.

   Further, as per section 55(2)(ac) of the Act, the cost of acquisition of the shares (as referred to in section 112A of the Act) acquired prior to 1 February 2018 would be higher of:

   i. Cost of acquisition; and

   ii. Lower of:

      a) Fair market value* of such shares;

      b) Full value of consideration received or accruing as result of transfer of capital asset

   * 'fair market value' means — In a case where the capital asset is an equity share in a company which is not listed on a recognised stock exchange as on the 31st day of January, 2018 but listed on such exchange on the date of transfer, an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later.

3. As per the provisions of section 111A of the Act, short-term capital gains arising from transfer of equity shares in the Company which is chargeable to STT shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess, if any). These provisions shall be applicable once the transaction in the shares of the Company are subject to STT.

   Further, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, maximum surcharge on the tax on short-term capital gains taxable under section 111A of the Act would be restricted to 15%, irrespective of the amount of capital gains.

4. In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to benefits, if any, available under the applicable Double Taxation Avoidance Agreement read with the provisions of Multilateral Instruments, if any, between India and the country in which the non-resident is a resident, subject to eligibility and furnishing of requisite documents such as tax residency certificate, electronically filed Form 10F, No Permanent Establishment Certificate, etc. (as applicable). Further, a non-resident shareholder is eligible to claim foreign tax credit, based on the local laws of the country of which the shareholder is the resident. Shareholders, being Individual and HUF, can opt to be taxed as per the new tax rates mentioned under section 115BAC of the Act.

Notes:

1. This Annexure sets out only the special tax benefits available to the Company and the shareholders under the current Income Tax Act, 1961 i.e., the Act as amended by the Finance Act, 2024 applicable for financial year 2024-25 relevant to the Assessment year 2025-26, presently in force in India.

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

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

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

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

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

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

5. The above views are based on the existing provisions of law and our interpretation of the law, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. No assurance is provided that the revenue authorities/courts will concur with the views expressed herein.

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

For Avanse Financial Services Limited

Vikrant Gandhi

Place: Mumbai

Date: June 20, 2024

ANNEXURE-2

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO AVANSE FINANCIAL SERVICES LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS UNDER INDIRECT TAX LAWS AS MENTIONED BELOW

Outlined below are the special tax benefits available to the Company, and its Shareholders under the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, and respective State Goods and Services Tax Act, 2017, as amended from time to time, the Customs Act, 1962 ("**Customs Act**") and the Customs Tariff Act, 1975 ("**Tariff Act**"), as amended by the Finance Act 2024 applicable for the Financial Year 2024-25, Foreign Trade Policy 2023-28 read with Foreign Trade - Handbook of Procedures, 2023, presently in force in India (collectively referred to as "**Indirect Tax Laws**").

A) TO THE COMPANY

There are no special indirect tax benefits available to the Company under the Indirect Tax Laws as mentioned above.

B) TO THE SHAREHOLDERS

There are no special indirect tax benefits available to the shareholders of the Company under the Indirect Tax Laws as mentioned above.

Notes:

1. This Annexure sets out the only the special tax benefits available to the Company and its Shareholders under the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017 and the applicable State / Union Territory Goods and Services Tax Act, 2017, and relevant rules made thereunder ("**GST Acts**"), as amended from time to time, the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("**Tariff Act**"), as amended by the Finance Act 2024 applicable for the Financial Year 2024-25, Foreign Trade Policy 2023-28 read with Foreign Trade - Handbook of Procedures, 2023, presently in force in India.

2. Our comments are based on specific activities carried out by the Company from April 1, 2024, till date. Any variation in the understanding could require our comments to be suitably modified.

3. For the period from April 1, 2024, till date, the Company has:

    i. not claimed any exemption or benefits or incentives under the indirect tax laws;
    ii. not exported any goods or services outside India;
    iii. not imported any goods from outside India;
    iv. not made any fresh investment in any State of the country and has not claimed any incentive under any State Incentive Policy.

4. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, the changing tax laws, each investor is advised to consult his/her own tax advisor with respect to specific tax implications arising out of their participation in the Proposed IPO.

5. This annexure covers only indirect tax laws benefits and does not cover any income tax law benefits or benefit under any other law.

6. These comments are based upon the provisions of the specified Indirect Tax Laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.

7. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For Avanse Financial Services Limited

Vikrant Gandhi

Place: Mumbai

Date: June 20, 2024

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*The information in this section is from an industry report titled "Assessment of the Education Services and Education Loan Industry in India" dated June 2024 (the "**CRISIL MI&A Report**"), prepared and released by CRISIL Market Intelligence & Analytics, a division of CRISIL Limited ("**CRISIL MI&A**"). A copy of the CRISIL MI&A Report is available on the website of our Company at https://www.avanse.com/industryreport. We officially engaged CRISIL MI&A in connection with the preparation of the CRISIL MI&A Report on April 24, 2024, and commissioned and paid for the CRISIL MI&A Report for an agreed fee for the purposes of confirming our understanding of the industry exclusively in connection with the Offer. There are no parts, data or information (which may be relevant for the Offer), that have been left out or changed in any manner. For further information, see "Risk Factors – We have referred to the data derived from industry reports commissioned and paid for by our Company from CRISIL Limited exclusively for the purpose of the Offer" on page 41. Also see, "Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data" on page 16.*

Macroeconomic Scenario

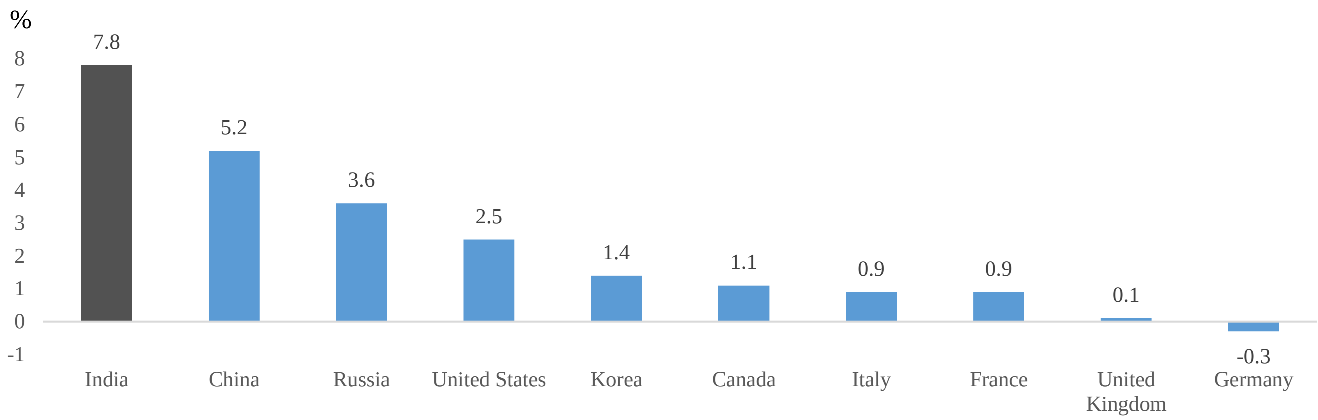
India witnesses stronger than expected growth in fiscal 2024

The Indian economy was among the fastest-growing in the world prior to onset of the Covid-19 pandemic[1]. In the years leading up to the global health crisis (Covid-19) which disrupted economic activities, India's economic indicators posted gradual improvements owing to strong local consumption and a lower reliance on global demand. The twin deficits, namely current account and fiscal deficits narrowed, while the growth-inflation mix showed a positive and sustainable trend.

Despite global geopolitical instability, India continues to maintain its position as one of the fastest-growing economies. In February 2024, the National Statistical Office (NSO) in its second advance estimates of national income, estimated the economic growth through real GDP growth to grow at of a robust 7.6% on-year basis in fiscal 2024. This can be attributed to factors such as demographic advantage, robust domestic demand, economic reforms, manufacturing and infrastructure development, technological advancements, and digital push.

In fact, The International Monetary Fund (IMF), in its April 2024 economic outlook update, revised its India economic growth estimate for India in real terms for fiscal 2024 to 7.8% from previous 6.7% estimate in January 2024 and 6.3% estimate in October 2023, citing momentum from resilient domestic demand. Further, the growth forecast for fiscal 2025 also witnessed an increase at to 6.8% from the previous 6.5% and 6.3% forecasts in January 2024 and October 2023 respectively. In contrast, global economic growth is projected to decelerate from an estimated 3.5% in 2022 to 3.2% in 2024, according to the IMF.

Real GDP growth rate (%) for major global economies (CY2023)



Note: For India, Real GDP growth rate is as of fiscal 2024; Source: IMF (World Economic Outlook - April 2024 update), CRISIL MI&A

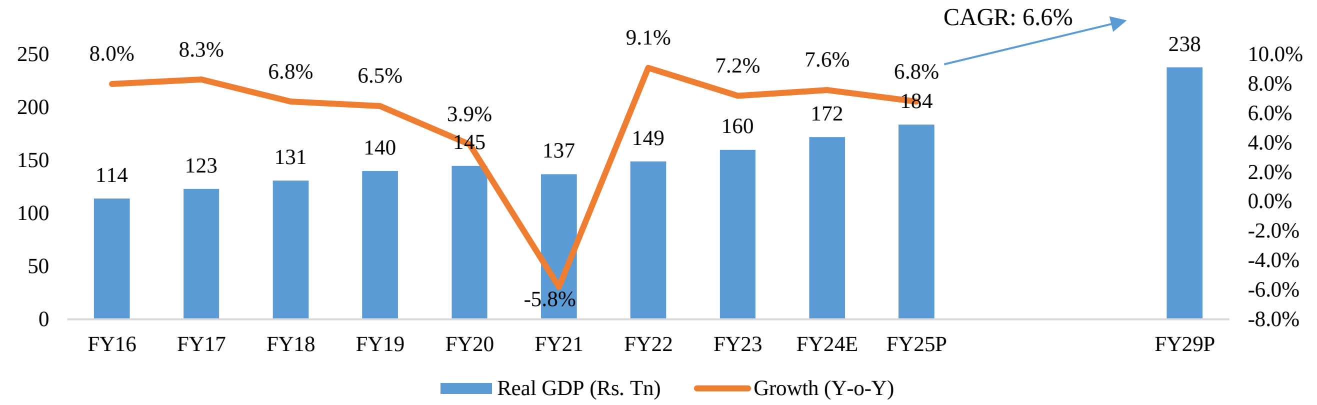
India to remain one of the fastest growing major economies in the world

CRISIL MI&A expects India's economic growth in the next fiscal to be driven by a host of factors including budgetary support from the government, strengthening of domestic economic activities, improvement in household consumption, improved business sentiments, rising consumer confidence, healthy balance sheet of banks and corporates, and rising integration in global supply chain. The transmission of rate hikes by the RBI's Monetary Policy Committee (MPC) of the RBI between May 2022 and February 2023 continues and is likely to weigh in next fiscal. As per the MPC's MPC report, the real GDP growth in fiscal 2025 is expected to be 7.0%, led by recovery in rabi sowing, sustained profitability in manufacturing and underlying resilience of services. IMF projects India's growth at 6.8% in 2024 and 6.5% in 2025, reflecting resilience in domestic demand. Over the past three fiscals, Indian economy has outperformed global counterparts by witnessing a faster growth. Going forward as well,

[1] *World Economic Outlook by International Monetary Fund (IMF) - April 2024 update*

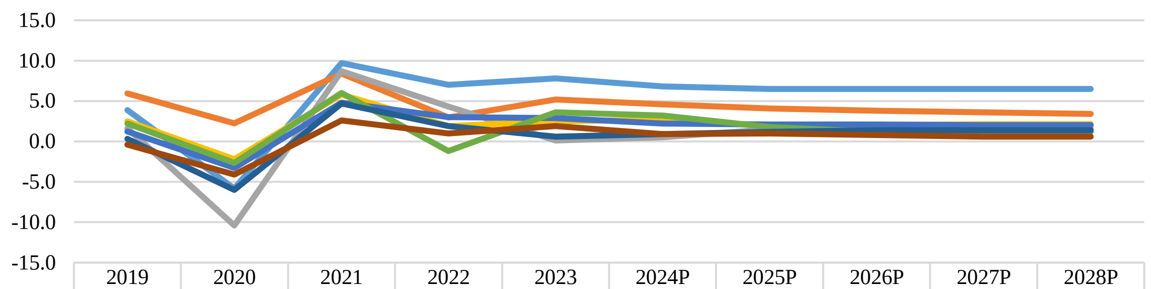
IMF projects that Indian economy will remain strong and would continue to be one of the fastest growing economies.

India's economy to grow at 6.8% in fiscal 2025



Note: E = Estimated, P = Projected; GDP growth is based on constant prices, GDP growth till FY23 is actuals. GDP Estimates for fiscals 2023- 2024 is based on NSO Estimates and 2024-2025 is projected based on CRISIL MI&A estimates; and that for fiscals 2026-2029 based on IMF estimates; Source: NSO, CRISIL MI&A, IMF (World Economic Outlook – April 2024 update)

India is one of the fastest-growing major economies (Gross Domestic Product ("GDP") growth, % Y-o-Y)



	2019	2020	2021	2022	2023	2024P	2025P	2026P	2027P	2028P
India	3.9	-5.8	9.7	7.0	7.8	6.8	6.5	6.5	6.5	6.5
China	6.0	2.2	8.4	3.0	5.2	4.6	4.1	3.8	3.6	3.4
United Kingdom	1.6	-10.4	8.7	4.3	0.1	0.5	1.5	1.7	1.7	1.6
United States	2.5	-2.2	5.8	1.9	2.5	2.7	1.9	2.0	2.1	2.1
Brazil	1.2	-3.3	4.8	3.0	2.9	2.2	2.1	2.1	2.0	2.0
Russia	2.2	-2.7	6.0	-1.2	3.6	3.2	1.8	1.2	1.3	1.2
South Africa	0.3	-6.0	4.7	1.9	0.6	0.9	1.2	1.4	1.4	1.4
Japan	-0.4	-4.1	2.6	1.0	1.9	0.9	1.0	0.8	0.6	0.6

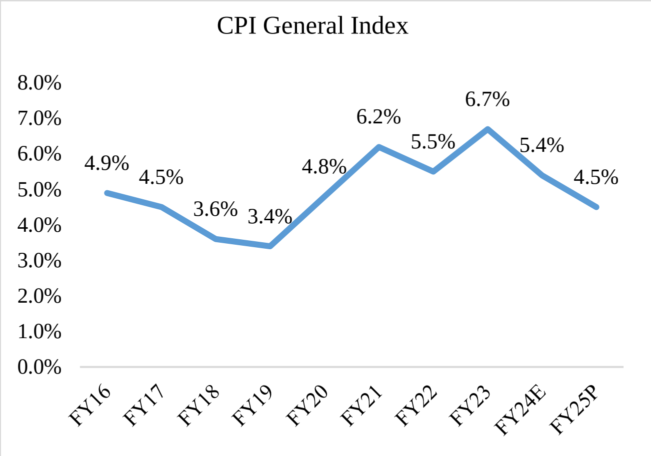
Note: All forecasts refer to IMF forecasts. GDP growth is based on constant prices, Data represented is for calendar years (except India where data is presented on a fiscal year basis, with FY 2019/20 (starting in April 2019) shown in the 2019 column and so on), P: Projected; Source: IMF (World Economic Outlook - April, 2024), CRISIL MI&A

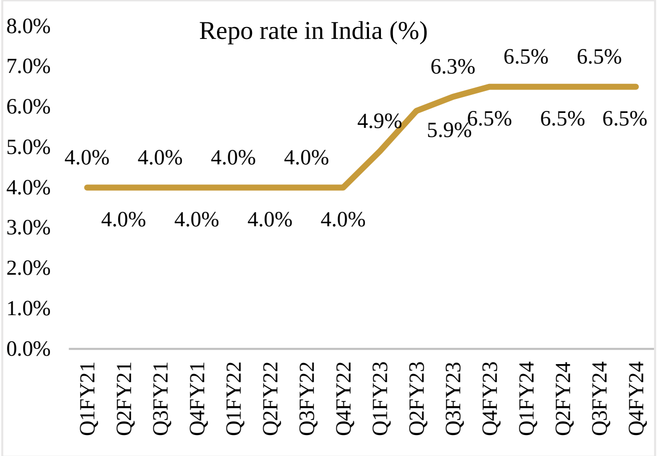
Consumer Price Index inflation to average 4.5% in fiscal 2025

As per the RBI monetary policy meeting in April 2024, CPI inflation is projected at 4.5% for fiscal 2025. Further, CRISIL MI&A expects the CPI inflation for fiscal 2025 to average 4.5%. Cooling domestic demand, assumption of a normal monsoon along with a high base for food inflation should help moderate inflation in FY25. A non-inflationary budget that focusses on asset-creation rather than direct cash support also bodes well for core inflation. However, an unusual weather event, if at all, could reverse the easing. Similarly, recent developments in the Red Sea and a fading low base effect for commodity prices could put some upside pressure on core inflation and would need monitoring.

April 2024 started on a positive note with the Monetary Policy Committee (MPC) of the Reserve Bank of India staying put on repo rates during its April review meeting, signalling confidence in the country's economic growth for fiscal 2025. The MPC maintained the repo rate under its liquidity adjustment facility at 6.50% at its policy review meeting.

Inflation to moderate to 4.5% in fiscal 2025 Repo rate has remains unchanged, post aggressive hikes





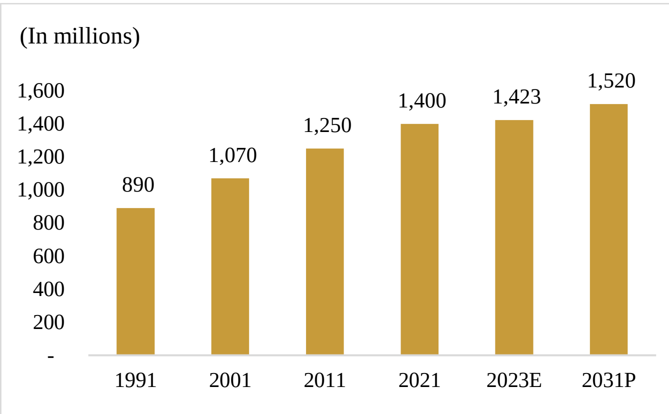
E – Estimated; P – Projected; Source: CRISIL MI&A Source: RBI, CRISIL MI&A

Key growth drivers

India has world's largest population

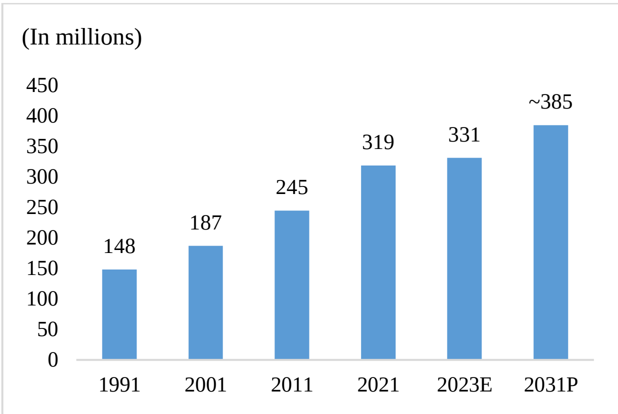
As per Census 2011, India's population was ~1.25 billion with ~245 million households. The population, which grew at nearly 1.5% CAGR between 2001 and 2011, is estimated to have increased at 1.1% CAGR between 2011 and 2021 to 1.40 billion, as per CRISIL MI&A. By 2031, the population is projected to reach 1.52 billion, with the number of households at ~385 million.

India's population growth trajectory



Note: As at the end of each Fiscal. E: Estimated; P: Projected, Source: United Nations Department of Economic and Social Affairs, (https://population.un.org/wpp/) CRISIL MI&A

Number of households in India

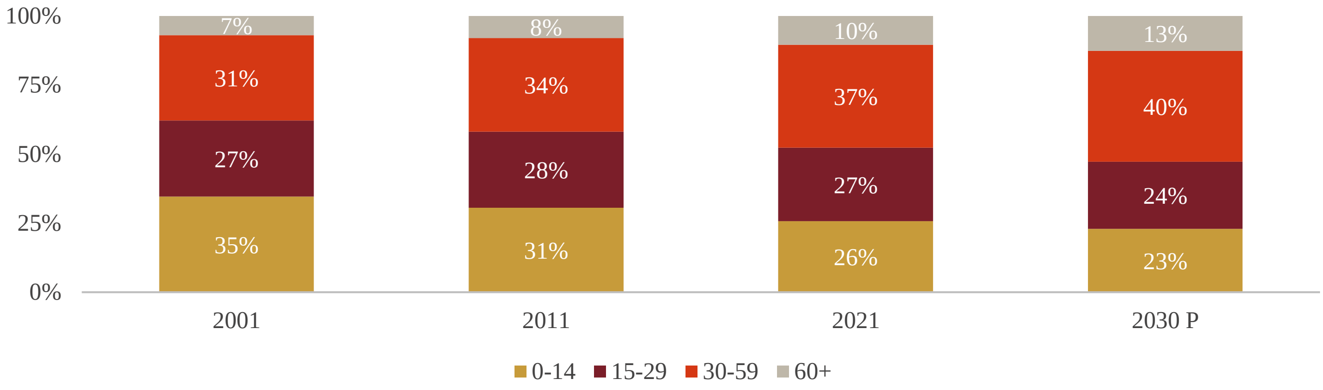


Note: As at the end of each Fiscal; E: Estimated; P: Projected, Source: Census India, CRISIL MI&A

Favourable demographics

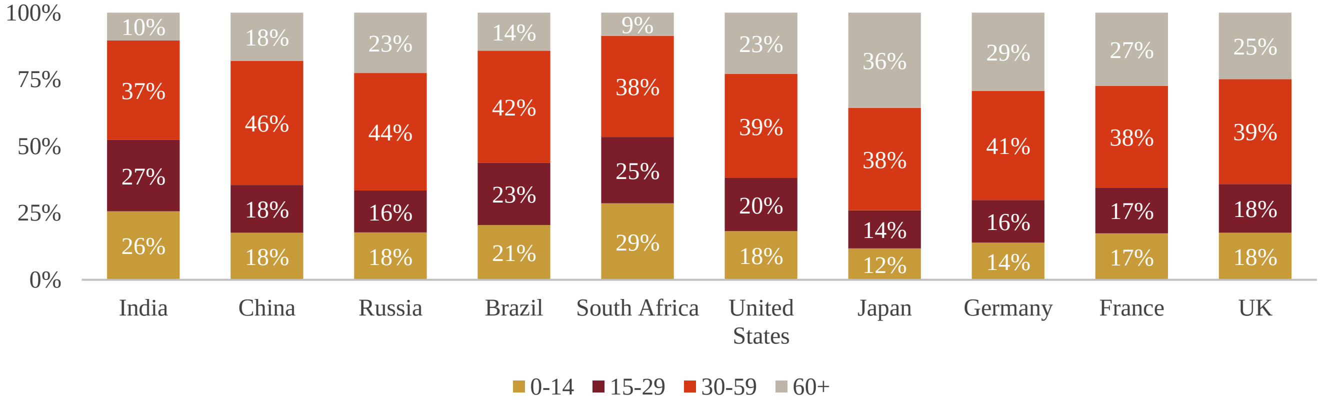
As of 2022, India has had one of the largest young populations in the world, with a median age of 28 years. CRISIL MI&A estimates that in 2021, ~90% of Indians were below the age of 60 in 2021 and that 63% of Indians were between the ages of 15 and 59 years. In comparison, in calendar year 2020, the United States (US), China and Brazil had 23%, 17% and 14%, respectively, of their populations above the age of 60, showing the ageing of population in other major economies countries.

India's demographic dividend



Note: P: Projected, 2001, 2011 and 2021 data from World Population Prospects (2022), 2025P and 2030P is projected by CRISIL MI&A; Source: United Nations Department of Economic and Social Affairs: World Population Prospects (2022), World Urbanization Prospects: The 2018 Revision (UN) (https://population.un.org/wup/), CRISIL MI&A

As of 2021, India has one of the highest proportions share of young population (Below the age of 30 years) among BRICS nations and large economies outside of the BRICS nations as of 2021

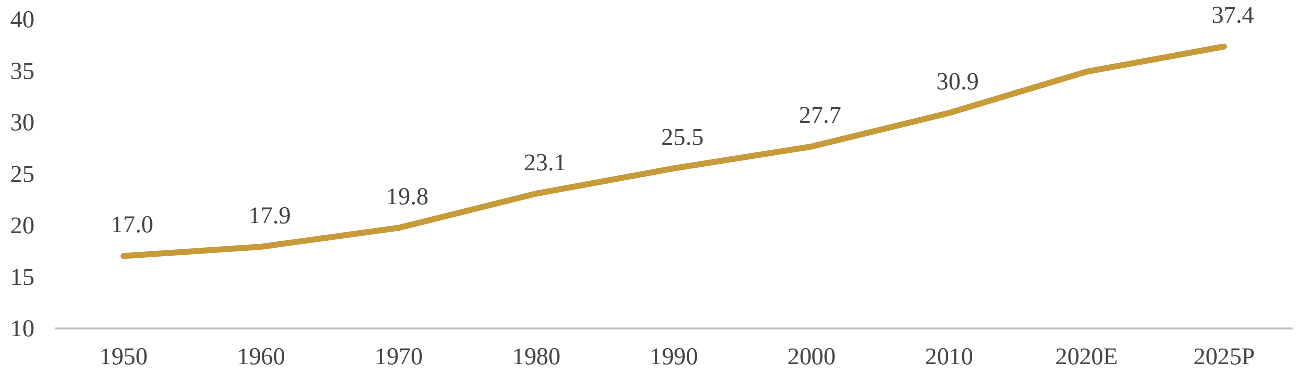


Source: United Nations Department of Economic and Social Affairs: World Population Prospects (2022), World Urbanization Prospects: The 2018 Revision (UN) (https://population.un.org/wup/), CRISIL MI&A

Urbanisation

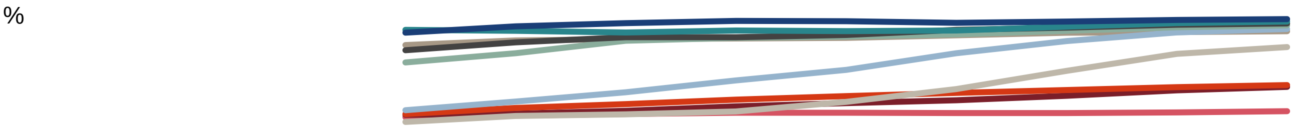
Urbanisation, a key driver of economic growth driver, is expected to spur investments in infrastructure development, which, in turn, is expected to create jobs, develop modern consumer services and increase the ability to mobilise savings. India's urban population has been rising consistently over the decades. As per World Urbanization Prospects, the urban share of India's population increased from 17% of the total population in 1950 to 34.9% in 2018 (revised estimate) and is projected to increase to 37.4% by 2025. This is lower than the share of urban population in other developed nations such as the US, the UK, Australia and China. This shows that there is significant headroom for urbanisation in India to increase, which could aid in market for overall education market – including both domestic and overseas.

Urban population as a percentage of total population (%)



Note: E- Estimated, P – Projected; Source: Census 2011, World Urbanization Prospects: The 2018 Revision (UN)[2]

Urban population as a percentage of global population %



	1950	1960	1970	1980	1990	2000	2010	2020	2025P
Sri Lanka	15.3	16.4	17.6	18.6	18.5	18.4	18.2	18.7	19.6
India	17.0	17.9	19.8	23.1	25.5	27.7	30.9	34.9	37.4
Pakistan	17.5	22.1	24.8	28.1	30.6	33.0	35.0	37.2	38.7
China	11.8	16.2	17.4	19.4	26.4	35.9	49.2	61.4	66.5
Germany	67.9	71.4	72.3	72.8	73.1	75.0	77.0	77.5	78.0
Malaysia	20.4	26.6	33.5	42.0	49.8	62.0	70.9	77.2	79.7
France	55.2	61.9	71.1	73.3	74.1	75.9	78.4	81.0	82.3
United States of America	64.2	70.0	73.6	73.7	75.3	79.1	80.8	82.7	83.7
United Kingdom	79.0	78.4	77.1	78.5	78.1	78.7	81.3	83.9	85.1
Australia	77.0	81.5	84.0	85.6	85.4	84.2	85.2	86.2	86.9

Note: P – Projected; Source: Census 2011, World Urbanization Prospects: The 2018 Revision (UN)

Increasing per capita income to support economic growth

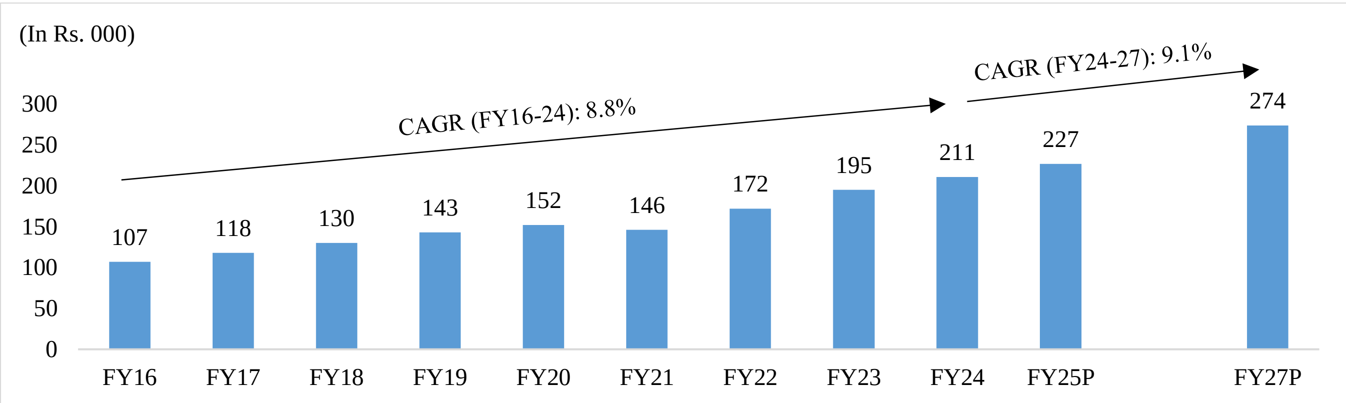
India's per capita net national income expanded grew 6.8% in fiscal 2024, reflecting robust economic growth and the government's continued endeavour to make the country an upper middle-income economy.

Per capita NNI	FY24^ (Rs '000)		Growth at constant prices (%)										
	Current prices	Constant prices	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
	183	106	4.6	6.2	6.7	6.8	5.7	5.8	2.9	-7.6	7.6	5.7	6.8

Note: P – projected. (^) Per capita NNI as per Second Advance Estimates of National Income, 2023-24; Source: Ministry of Statistics and Program Implementation (MoSPI), International Monetary Fund (IMF), CRISIL MI&A

As per the IMF, India's per capita GDP is projected to rise at a 3-year CAGR of 5-6% in real terms and at 9-10% in nominal terms between fiscals 2024 and 2027.

Trend in nominal GDP per capita at current prices



Note: P - projected. FY24 estimates are based on second advance estimates by MoSPI; FY25-FY27 projections are based on IMF – World Economic Outlook (April 2024 update); Source: MoSPI, IMF, CRISIL MI&A

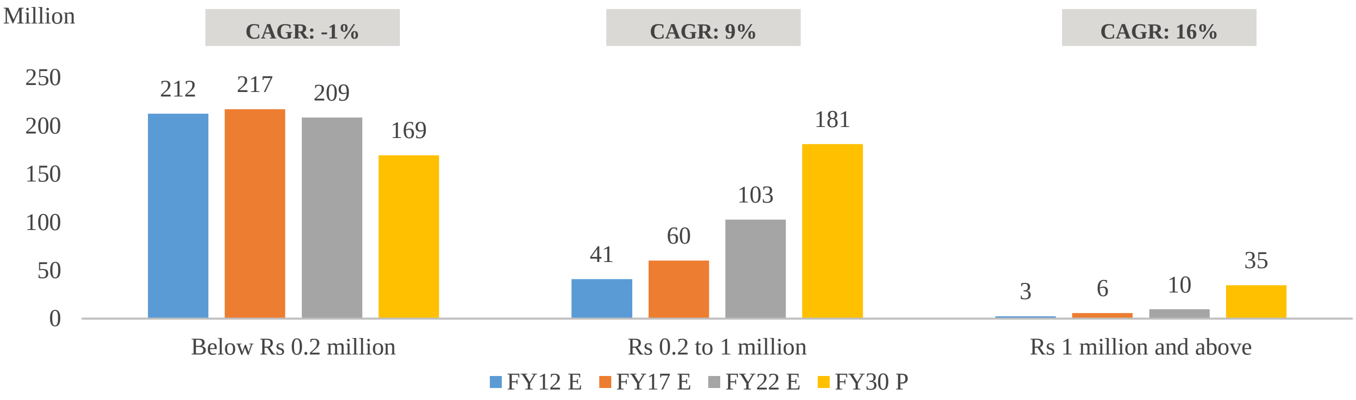
Rising Middle India population to help sustain economic growth

The proportion of "Middle India" (defined as households with annual income of Rs 0.2-1.0 million) has been on the rise over the past decade and is expected to continue increasing with rising GDP and household incomes. CRISIL MI&A estimates there were 41 million middle-income households in India in fiscal 2012 and by fiscal 2030, expects it to increase to 181 million households by fiscal 2030. A large number of households that have entered the middle-income bracket in the past few years are likely to be from semi-urban and rural areas. CRISIL MI&A believes that improvement in literacy levels, increasing access to information and awareness, increase in the availability of necessities and improvement in road infrastructure have increased the

[2] *https://population.un.org/wup/*

aspirations of Middle India, which is likely to translate into increased opportunities for providers of financial services providers.

Middle India households to witness high growth over fiscals 2012-2030



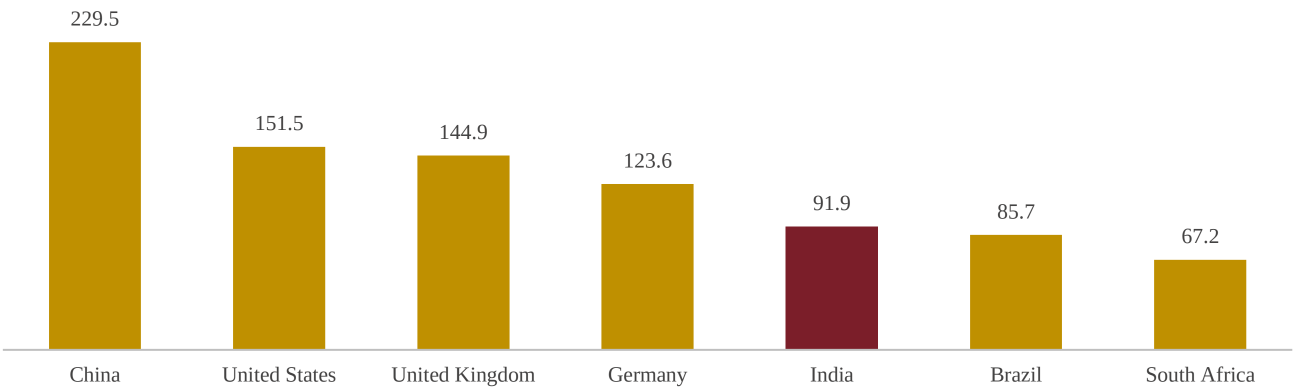
Note: E - estimated, P – projected; Source: CRISIL MI&A

Overview of credit scenario in India

Credit penetration is lower in India as compared to other countries

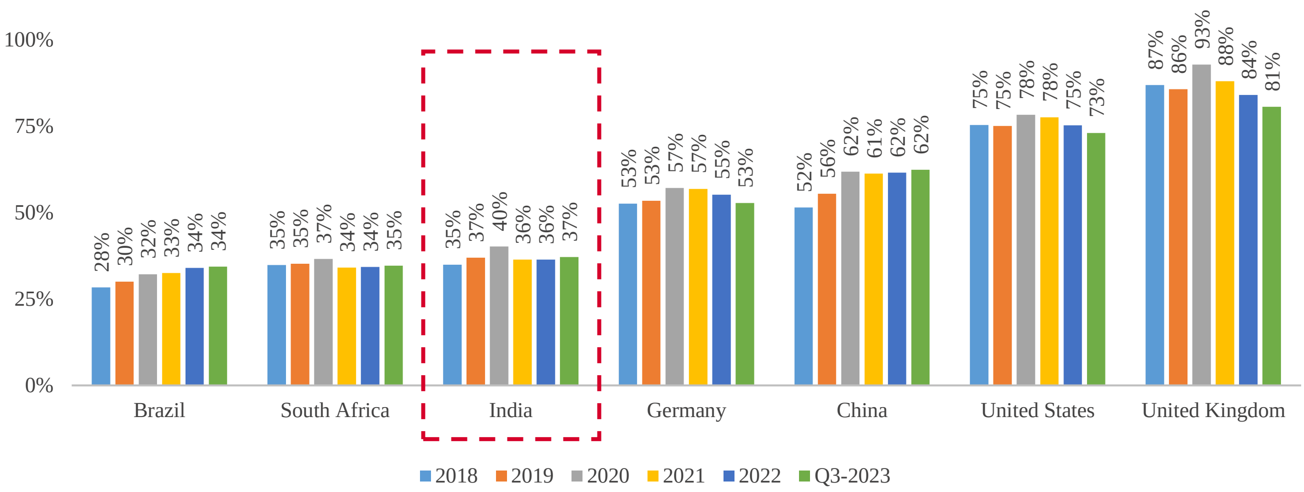
In terms of credit to GDP ratio, India has a low credit penetration in comparison to other developing countries, such as China, indicating the potential that can be tapped. Similarly, in terms of credit to households as a proportion of GDP as well, India lags other markets. With rising financial awareness, the government's continuous efforts for financial inclusion and rising credit accessibility to the underserved population, credit penetration in India is expected to rise. The surge in credit penetration would be led by growth in retail credit.

Credit to GDP ratio (%) as of the third quarter of 2023



Source: Bank of International Settlements, CRISIL MI&A

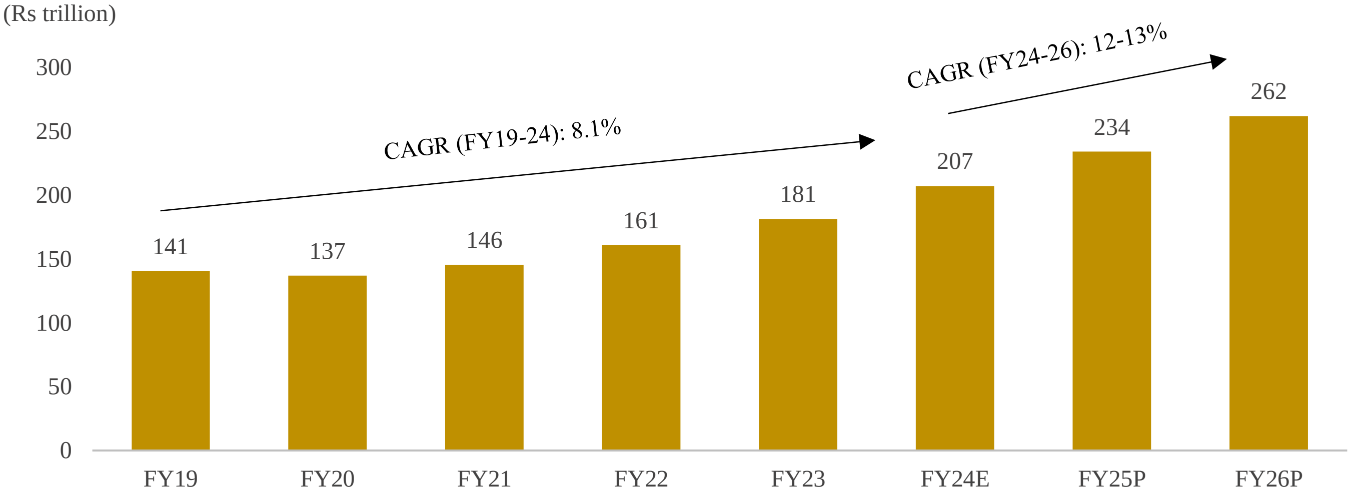
Household credit to GDP ratio of India and peer countries



Source: Bank of International Settlements, CRISIL MI&A

Systemic credit to grow at 12%-13% CAGR between 2024-2026

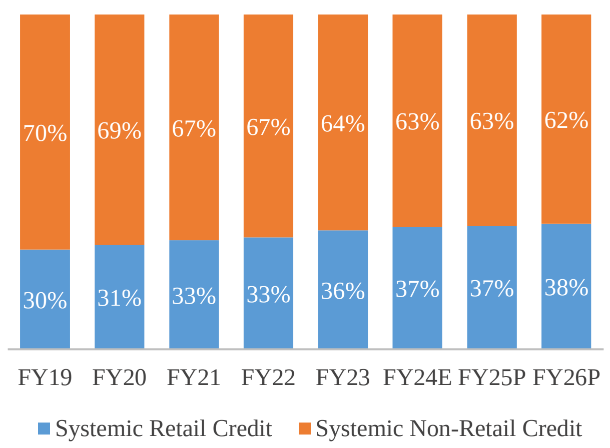
Systemic credit in India grew at a 5-year CAGR of 8.1% over fiscals 2019 and 2024 and at 3-year CAGR of 12.5% over fiscals 2021 and 2024. Retail credit continues to lead the systemic credit growth in fiscal 2024, supported by the focused approach of banks and NBFCs in increasing the retail portfolio. Going ahead, CRISIL MI&A Research expects Banks to grow at a slightly slower pace compared to NBFCs in the near-to-medium term, reporting a CAGR of ~13% and ~15% respectively for the lender groups, between fiscals 2024 and 2026.



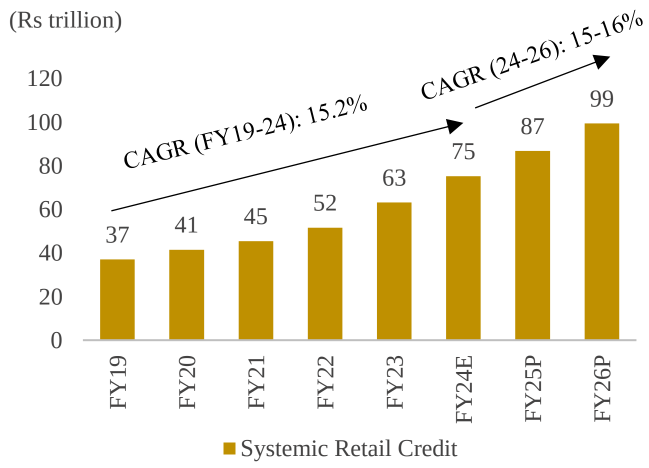
Note: P: Projected; systemic credit includes domestic banking credit (after deduction of bank lending to NBFC), NBFC credit, commercial papers, external borrowings, corporate bonds excluding those issued by banks and NBFCs; Source: RBI, company reports, CRISIL MI&A

Retail credit (includes housing finance, vehicle financing, gold loans, education loans, consumer durables, personal loans, credit cards and microfinance) in India is estimated at Rs 75 trillion, as of fiscal 2024. CRISIL MI&A expects retail credit growth to continue in the long term with banks and NBFCs' continued focus on the sector.

Retail credit accounted for 37% of overall systemic credit as of FY24



Retail credit growth to continue on a strong footing



E – Estimated; P – Projected; Source: RBI, CRISIL MI&A

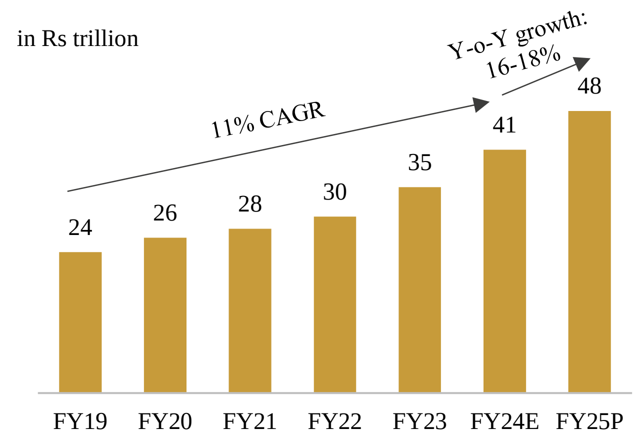
Overview and market landscape of NBFC sector in India

The Indian financial system services 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 under-banked regions or those who would not be catered to by traditional financial institutions, owing to the absence of credit history or lack of proper collateral records.

NBFC credit to grow faster than systemic credit

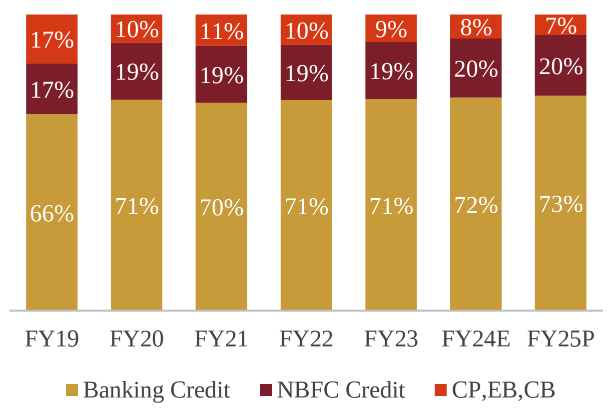
Over the past decade, banking credit growth lagged systemic credit growth for several years as NBFCs grew at a much faster pace. NBFCs have shown remarkable resilience and gained importance in the financial sector ecosystem, growing from less than Rs 2 trillion AUM at the turn of the century to Rs. 41 trillion at the end of Fiscal 2024. NBFC credit is projected to grow at 16-18% in Fiscal 2025, with microfinancing and vehicle financing to leading the growth in retail credit, and MSME loans in wholesale credit continuing to be the primary drivers. Rapid revival in the economy is expected. Share of NBFCs in systemic credit increased to 20% in Fiscal 2024 from 17% in Fiscal 2019 and is projected to rise gradually going forward. NBFCs will continue to remain an important aspect of the Indian credit landscape, given their inherent strength of providing last-mile funding and catering to customers that are not catered by Banks. Moreover, NBFCs will continue to gain market share over banks due to their ability to provide flexible lending solutions and tailored services, focused approach to tap under-served and niche customer markets, ability to penetrate deeper into geographies, leveraging technology to reinvent the lending process, strong origination skills and shorter turnaround time.

NBFC credit to grow 16-18% in fiscals 2024 and 2025



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

Share of NBFCs in overall systemic credit to reach 20% in fiscal 2025



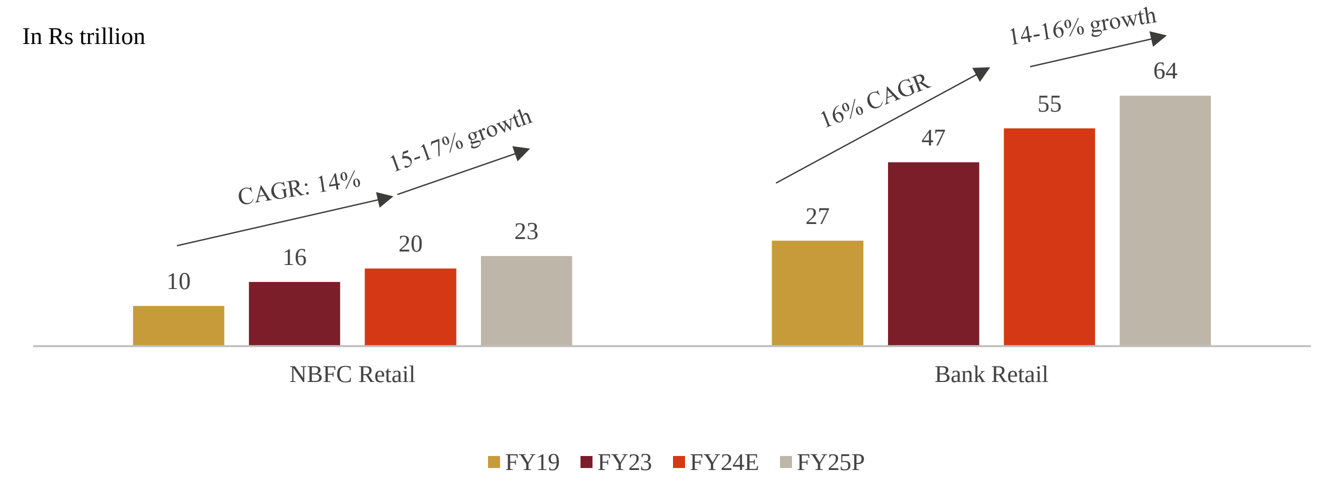
E – estimated; P – projected; Note: Systemic credit includes domestic banking credit, NBFC credit, commercial papers, external borrowings, corporate bonds excluding those issued by banks and NBFCs; Source: RBI, company reports, CRISIL MI&A

NBFC's share is estimated to have increased from 12% in Fiscal 2008 to 20% in Fiscal 2024 and projected to be remained stable in fiscal 2025. CRISIL MI&A believes that NBFCs will remain a force to reckon within the Indian credit landscape, given their inherent strength of providing last-mile funding and catering to customers that are not catered by banks.

Retail credit to support NBFCs' overall credit growth

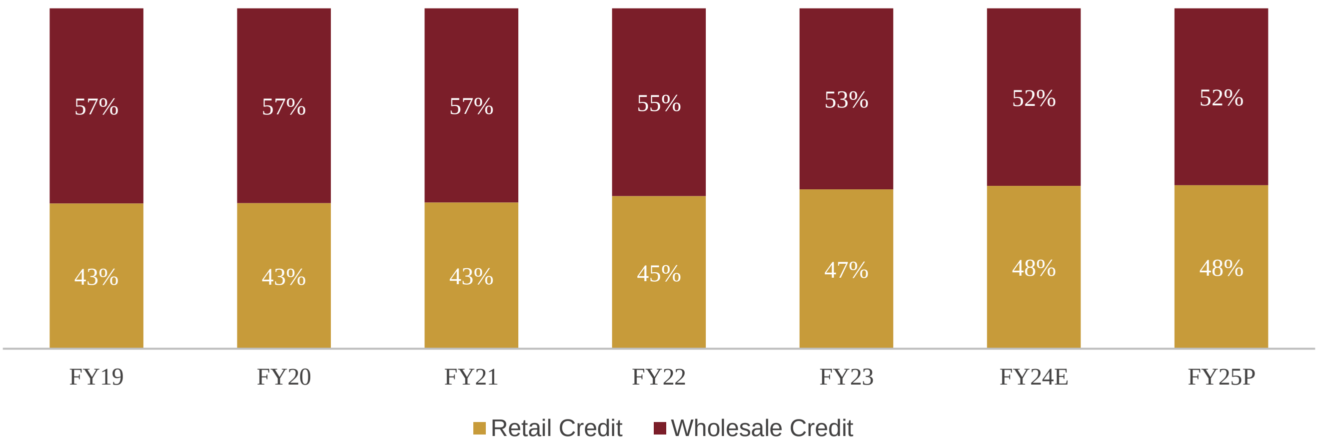
Going forward, on-year growth in the NBFC retail credit is expected at 15-17% in Fiscal 2025, which will support overall NBFC credit growth, with continued focus on the retail sector and multiple players announcing plans to reduce wholesale exposure. Between Fiscal 2018 and Fiscal 2020, unsecured portion of the NBFC book logged a CAGR of 43%. Growth dipped in Fiscal 2021 on account of pandemic as NBFCs focussed on secured credit where the loss given default was low. After the pandemic, NBFCs focussed on targeting New to Credit (NTC) customers focussing on Tier 2 and lower tier cities. Unsecured credit of NBFCs grew at a CAGR of more than 40% post pandemic as compared to 10-11% growth in secured lending. The emergence of fintech players also played a key role in growth of unsecured lending with their new lending practices and catering to markets that the traditional financial institutions may not reach.

NBFC retail credit expected to grow 15-17% in fiscal 2025



P – projected; Note: Retail credit above includes housing finance, vehicle 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



E – estimated; P – projected; Note: Retail credit above includes housing finance, auto finance, microfinance, gold loans, consumer durable finance, MSME loans, education loans and other smaller asset classes; Source: Company reports, CRISIL MI&A

Impact of digitisation on retail credit

Digital lending products such as instant loans or online personal loans have completely revolutionised retail credit due to the great convenience that it offers to the customers. The underwriting process, while essential for assessing borrowers, can sometimes be time-consuming and reliant on subjective elements. Thus, there is room for improvement in leveraging all available data efficiently. Organizations may find opportunities to streamline the process, making it more agile and resource effective. Lenders are increasingly using their web platforms and creating apps to register, score, approve and disburse loans to their customers. For lenders, digitization has enabled them to make informed decision making through business insight generation and data visualization. Moreover, it has improved lead generation for lenders with faster onboarding of customers, comprehensive loan servicing, and fraud detection. For customers, it has become easier to gather information about different lenders with the help of digitization and compare them. Further, online loan application has made it convenient for borrowers to fill loan applications from remote locations, calculate EMIs, check for eligibility of loan amount and provide all documents digitally which enhances customer experience throughout the process and helps them make an informed decision.

NBFCs have a reasonable market share across asset classes

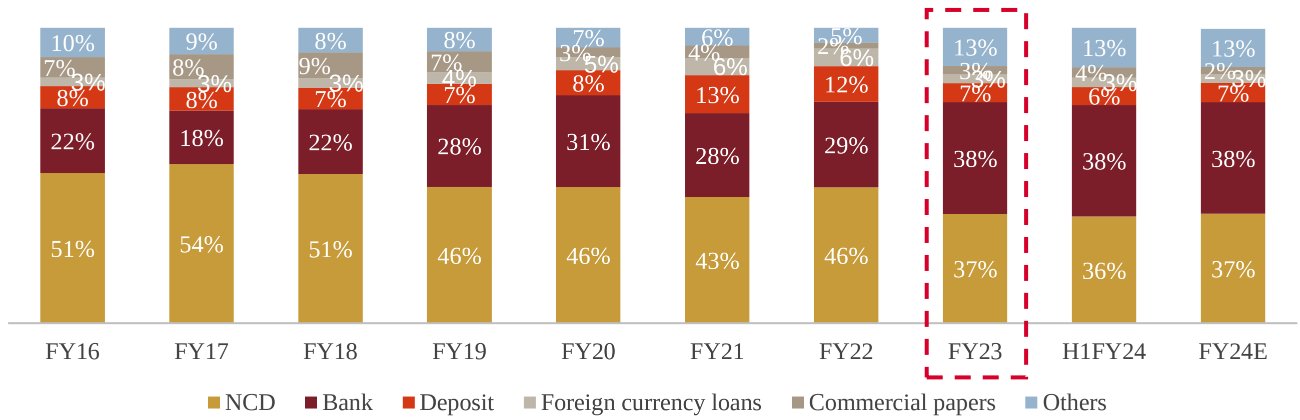
Under-served households and businesses represent a significant proportion of India's population that faces challenges in obtaining credit due to reasons such as a lack of credit history and the inability to provide collateral. NBFCs have generally been able to address this opportunity on account of their strong origination skills, extensive reach, better customer service, faster processing, streamlined documentation requirements, digitization of customer on-boarding process, customized product offerings, local knowledge, and differentiated credit appraisal methodology. The rapid evolution of fintech's over the last few years has added another dimension to the market served by NBFCs and has fuelled rapid growth across the landscape, causing NBFCs to have consistently gained or maintained market share across most asset classes over the last few years.

Banks continue to gain share in borrowing mix of NBFCs; expected to undergo moderation in near to medium term

In Fiscal 2023, NBFCs' borrowings from banks witnessed high growth resulting in an increase in share to 38% of total funding at the end of fiscal 2023, up from 29% at the end of fiscal 2022. Share of bank's lending to NBFCs has almost nearly doubled during the last 10 years. During fiscal 2023, with interest rate tightening and the repo rate increasing by 250 bps to 6.50%, the cost of debt market borrowings increased leading to high-risk premium for lower rates rated 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 asset classes leading to higher demand of bank credit from NBFC. Growth in banks credit exposure to NBFC grew at 22% on-year basis as of November 2023.

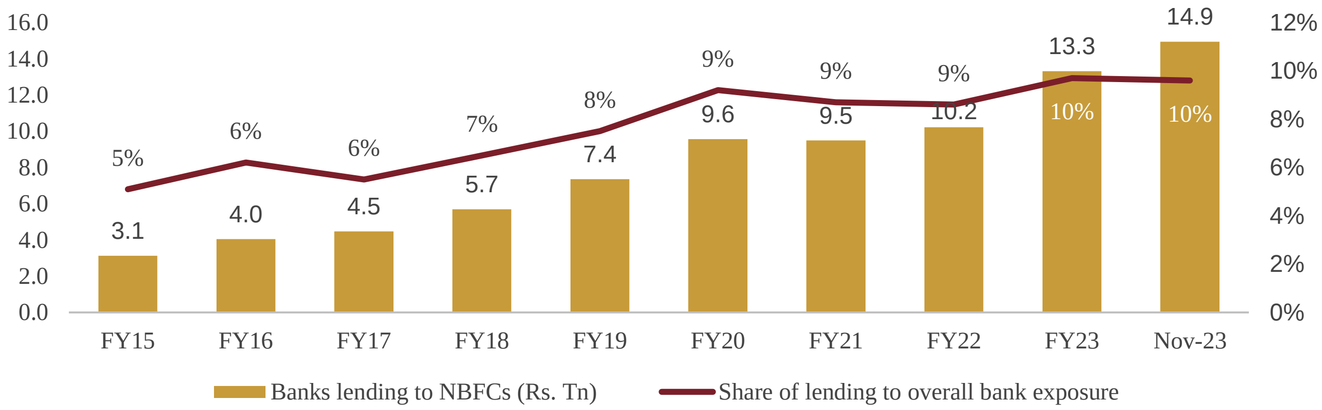
Going forward, CRISIL MI&A believes that, going forward, funding access would gradually improve for NBFCs who are able to demonstrate strong performance. However, NBFCs' reliance on bank funding from Banks, SFBs and funding from other NBFCs and small finance banks is expected to remain high in fiscal 2025, while even as it is expected to moderate in the near term with as an impact of RBI circular on risk weight and further transmission of rate hikes accelerated by deficit liquidity in the banking system.

Bank borrowings expected to remain primary source of funds for NBFCs, apart from NCDs



E – estimated; 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

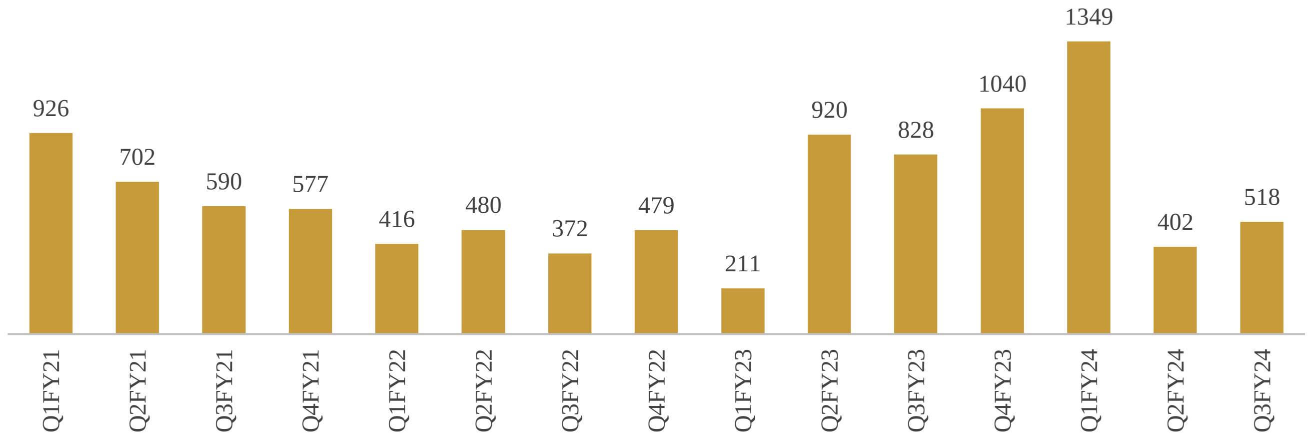
Bank funding to NBFCs continues to clock healthy growth



Source: RBI, company reports, CRISIL MI&A

The share of bank lending to NBFCs has almost doubled during the past 10 years. In fiscal 2023, with interest rate tightening and repo increasing 250 bps to 6.50%, the cost of debt market borrowing increased. This contributed to higher-risk premium for lower-rated NBFCs, leading to term loans of banks becoming the preferred source of borrowing. Growth in banks credit exposure to NBFC grew at 22% on-year basis as of November 2023.

NCD issuances to remain a monitorable



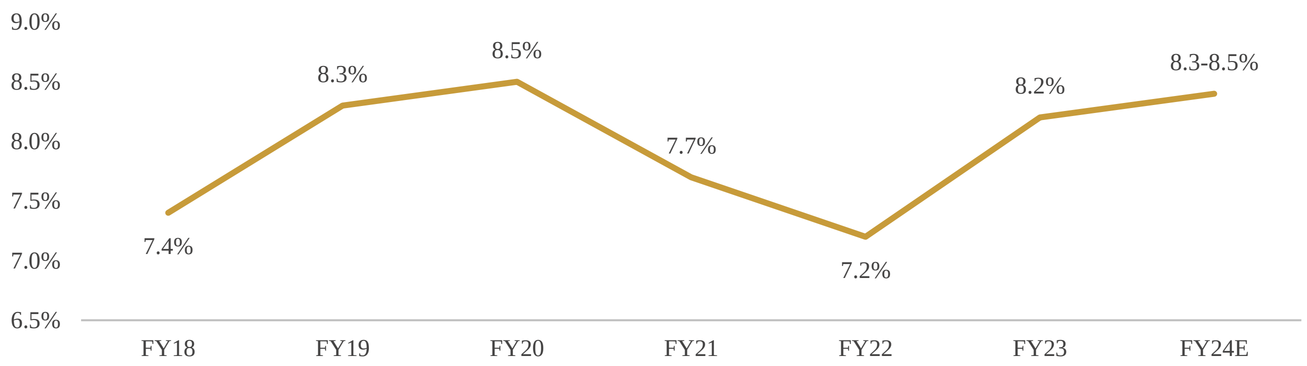
Note: Issuance data for top 100 NBFCs/HFCs in terms of AUM considered for issuances; Source: BSE, CRISIL MI&A

NCD issuances dipped in fiscal 2022 with a fall in investor interest for NBFCs' NCDs due to concerns over asset quality. NCD issuances substantially rebounded to approximately Rs. 3.0 trillion in fiscal 2023. However, in Q1 of fiscal 2024, NCD issuances fell after Q1 FY2024 impacted by HDFC merger as a significant amount of issuance was made by HDFC limited during May 2023 (~37%) and June 2023 ~ (31%) of the total issuances of NCDs. Subsequently, the company merged with HDFC bank w.e.f. July 2023. By 31st December 2023, the total amount of issuances rose to Rs 230 billion from Rs 210 billion in November 2023, with Tata Capital Financial Services, Muthoot Finance Limited and Shriram Finance Limited collectively accounting for approximately 25% of these issuances. Overall, the issuances in Q3 FY24 increased by 29% on a sequential basis while declining by 37% on year basis.

NBFC borrowing cost estimated to have increased in fiscal 2024

On account of increased unsecured lending in recent times by NBFCs, the RBI introduced a circular on risk weights, which acts as a deterrent to the growth of unsecured loans. As per the circular, the risk weights of all consumer loans (extended by both banks and NBFCs) were increased, excluding housing, vehicle, education and gold loans. Additionally, the risk weights for exposure of banks to NBFCs where the extant risk weight of the NBFC is below 100% was also increased. An increase in the cost of funds for NBFCs could drive the demand for securitisation and co-lending. NBFCs will also need to maintain adequate capital buffers.

Borrowing cost for NBFCs estimated to have increased in fiscal 2024

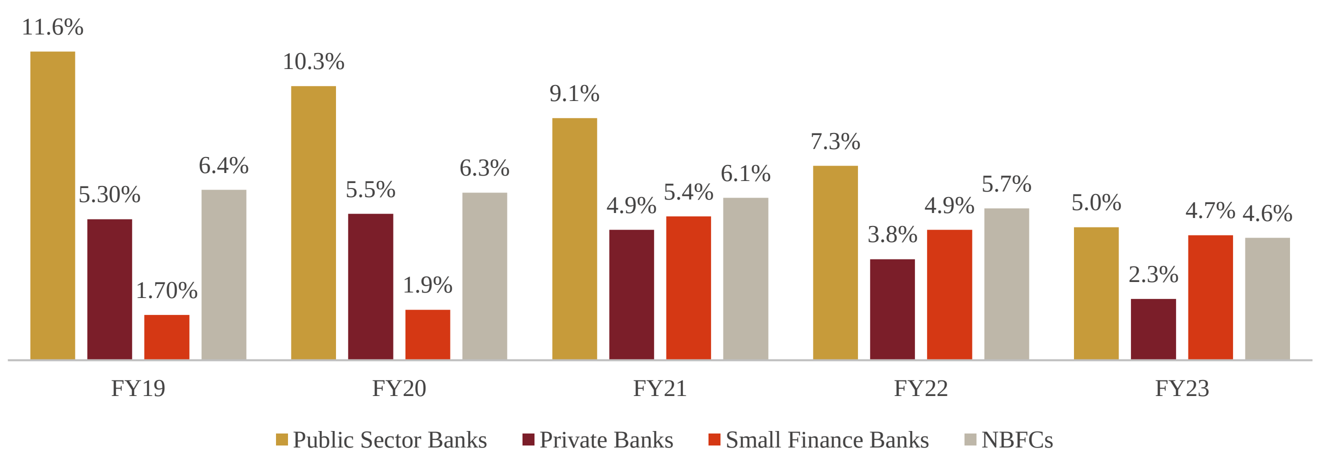


E – estimated; Note: Data represents cost of borrowing of players, which cumulatively accounts for 85% of overall NBFC AUM; Source: Company reports, CRISIL MI&A

Asset quality estimated to have improved on account of efficiency in collection process and improvement in economic activity in Fiscal 2024

Asset quality of NBFCs is influenced by various factors such as economic cycle, target customer market, geographical exposure and local events. Within the NBFC universe itself, it is observed that various asset classes tend to exhibit heterogeneous behaviour.

Asset quality (across all asset classes) comparison of NBFCs and banks



Note: The % indicates Gross Non-Performing Assets for Player Groups; Source: RBI, CRISIL MI&A

Asset quality of NBFCs improved at the end of fiscal 2023 and is estimated to have improved further in fiscal 2024 on account of the normalisation of economic activity and improved collection efficiency across asset classes, with gold loans being an exception. Collection efficiency is expected to hold up in the near future, resulting in easing of asset quality pressure.

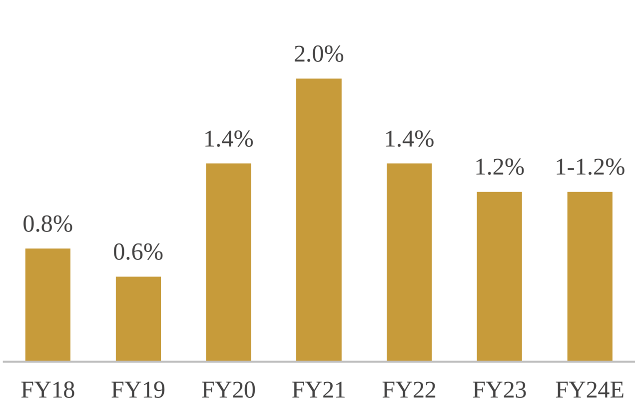
As per CRISIL MI&A estimates, credit cost for NBFCs is estimated to have declined moderately and profitability improved in Fiscal 2024

Overall yield and cost of funds for retail credit is estimated to have increased during fiscal 2023 due to the interest rates hikes. However, the amount of pass-on has been distinct across all asset classes on account of level of competition, nature of asset class and sectoral credit demand. Overall yield increased moderately in fiscal 2024. Accordingly, a stable or modest increase in RoA is estimated for all asset classes in fiscal 2024.

A decline in credit costs due to improved collections and lower slippages continues to support improvement in profitability in the short to medium term. In fiscal 2023, MFI loans, which typically has more pricing power, was able to improve its NIM. Similarly, housing credit also improved its NIM owing to the floating nature of its loan book, where it was able to pass on the increase in rates to its customers faster. However, competition from banks and subdued credit demand resulted in NIM compression for gold loans. Furthermore, the impact of RBI circular on risk weights on cost of funds is yet to be seen, thereby NIMs and RoA for NBFCs will be a key monitorable.

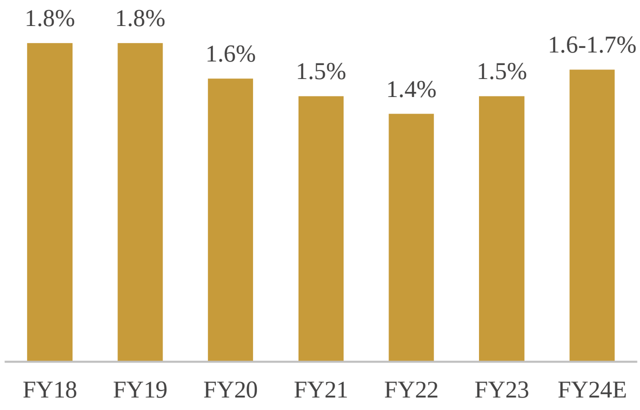
Profitability ratios of NBFCs

Credit costs for NBFCs declined moderately in fiscal 2024



E – estimated; Source: CRISIL MI&A

Profitability (RoA) for NBFCs increased moderately in fiscal 2024



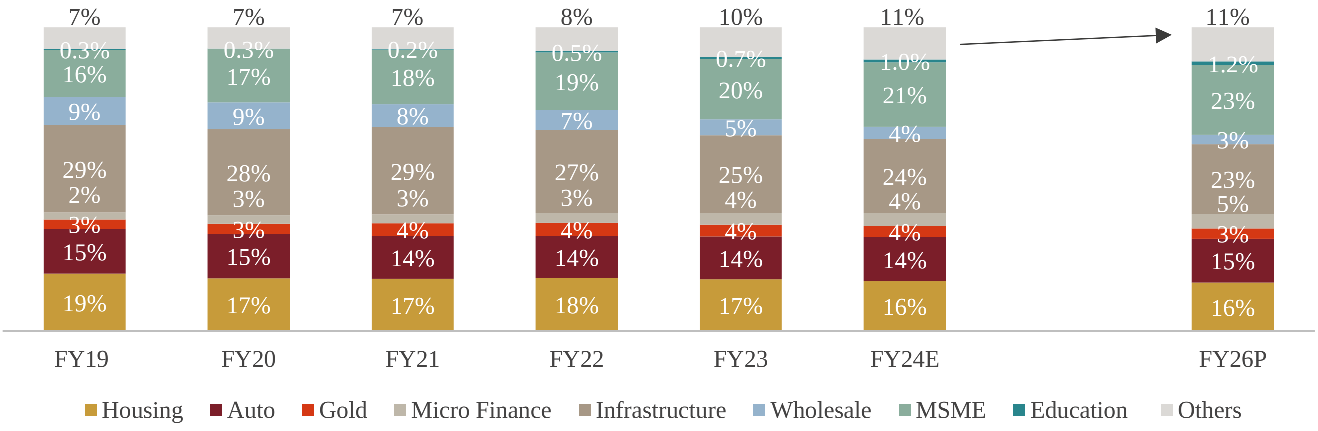
E – estimated; Source: CRISIL MI&A

Comparison among various asset classes of NBFCs

Education loans constituted ~1.0% of overall NBFC credit as of fiscal 2024

Though infrastructure accounts for the highest share in NBFC credit (24%) as of fiscal 2024, its share in the overall NBFC credit outstanding has come down over the past fiscals from 29% in fiscal 2019. MSME credit which accounts for 21% share as of fiscal 2024, witnessed a rise in its market share from 16% in fiscal 2019. Housing and auto loans constitute ~16% and ~14% share in overall NBFC credit as of fiscal 2024. Going forward, it is expected that share of MSME credit and Auto credit in NBFC will be increased to around 23% and 15% respectively, by fiscal 2026.

Distribution of NBFC credit across asset classes



E – estimated; P – projected; Note: Others include consumer durable loans, personal loans, and construction equipment finance; Source: RBI, company reports, CRISIL MI&A

Education loans AUM recorded highest 5-year CAGR of 41.1% between fiscals 2019 and 2024

Education loans recorded AUM growth, from Rs 75 billion in fiscal 2019 to Rs. 90 billion in fiscal 2021 and an estimated Rs 418 billion in fiscal 2024, at a 5-year CAGR of 41.1%, and 3-year CAGR of 65% over fiscals 2021 and 2024, which is significantly higher than other asset classes. Growth in education loans AUM was led by higher disbursements, a unique underwriting model, well-defined sourcing channels and expertise of specialised NBFCs. Over the years, other marketplace players such as GyanDhan, and Propelld have also entered the market to provide loans to students across various categories.

Furthermore, fintech start-ups such as MoneyView, PaySense and InCred also extend education loans alongside a range of other credit services. Personal loans AUM recorded the second highest 5-year and 3-year CAGR of 34.7% and 41.6% respectively, followed by MSME loans AUM at 5-year CAGR of 18.7% and 3-year CAGR of 20.4%.

Asset class	FY19 (in Rs. Bn)	FY24E (in Rs. Bn)	3-year CAGR (FY21-FY24E)	5-Year CAGR (FY19-FY24E)
Housing loan	4,522	6,757	12.2%	8.4%
MSME loan	3,718	8,747	20.4%	18.7%
Auto loan	3,524	5,965	15.0%	11.1%
Personal loan	647	2,872	41.6%	34.7%
Education loan	75	418	65.0%	41.1%
- Education loan portfolio of specialised NBFCs	75	391	66.0%	39.1%
Others	11,452	16,479	8.1%	7.5%
Total NBFC credit	**23,938**	**41,238**	**14.0%**	**11.5%**

E – estimated; Note: Others include gold, consumer durables, microfinance, infrastructure, wholesale and construction equipment loans; education loan specialised NBFCs include HDFC Credila, Avanse and Auxilo; Source: CRIF High Mark, CRISIL MI&A

Education loans had the best asset quality across asset classes for NBFCs

Between fiscal 2022 and 2024, Education loans recorded the best asset quality with GNPA being lowest at 0.9% in fiscal 2022, 0.4% in fiscal 2023 and 0.3% in fiscal 2024, reflecting better asset quality of education loans among all asset classes. Gold loans had the lowest credit cost between fiscal 2022 and 2024 ranging from 0.1%-0.2%, however the GNPA was estimated to be relatively higher ranging from 2.8%-3.0% between fiscal 2022 and 2024. Education loans reported the second lowest credit cost at 0.3% during the same period.

Credit Cost and GNPA for NBFCs across asset classes

Asset class	FY22		FY23		FY24E		FY25P	
	Credit Cost	GNPA	Credit Cost	GNPA	Credit Cost	GNPA	Credit Cost	GNPA
MSME Loans	*1.20%*	*3.10%*	*1.30%*	*2.60%*	*1.40%*	*2.5-2.6%*	*1.3-1.5%*	*2.4-2.7%*
Auto Loans	*2.50%*	*6.60%*	*1.80%*	*5.00%*	*1.70%*	*4.0-4.5%*	*1.6-1.8%*	*4-4.5%*
Personal Loans	*3.60%*	*8.90%*	*3.20%*	*8.30%*	*3.00%*	*11.0-11.2%*	*2.8-3.0%*	*10.8-11.0%*
Gold Loans	*0.10%*	*2.80%*	*0.10%*	*3.00%*	*0.20%*	*2.8-3.0%*	*0.2-0.3%*	*2.5-2.7%*
Housing Loans	*0.60%*	*2.10%*	*0.50%*	*1.60%*	*0.60%*	*1.2-1.3%*	*0.3-0.5%*	*1.1-1.2%*
Affordable Housing	*0.70%*	*3.00%*	*0.40%*	*2.00%*	*0.50%*	*1.7-1.9%*	*0.2-0.4%*	*1.5-1.7%*
MFI Loans	*2.90%*	*6.00%*	*2.40%*	*2.90%*	*2.00%*	*2.0-2.2%*	*1.7-1.9%*	*1.8-2%*
Education Loans (Specialized NBFCs)	*0.30%*	*0.90%*	*0.30%*	*0.40%*	*0.30%*	*0.30%*	*0.2-0.3%*	*0.2-0.3%*

Note: E = Estimated; P = Projected; For education loan specialised NBFCs, HDFC Credila, Avanse and Auxilo have been considered
Source: CRISIL MI&A, Company Documents, Note: Ratios on average total assets

Over the years, education finance focused NBFCs have received lot of interest from investors, owing to the safe nature of the asset class and the quick fast growth it is likely to witness. Below are some of the transactions in education finance focused NBFCs.

- Avanse Financial Services raised ~Rs 10 billion in equity from Mubadala Investment Company and Avendus Future Leaders Fund II in March 2024

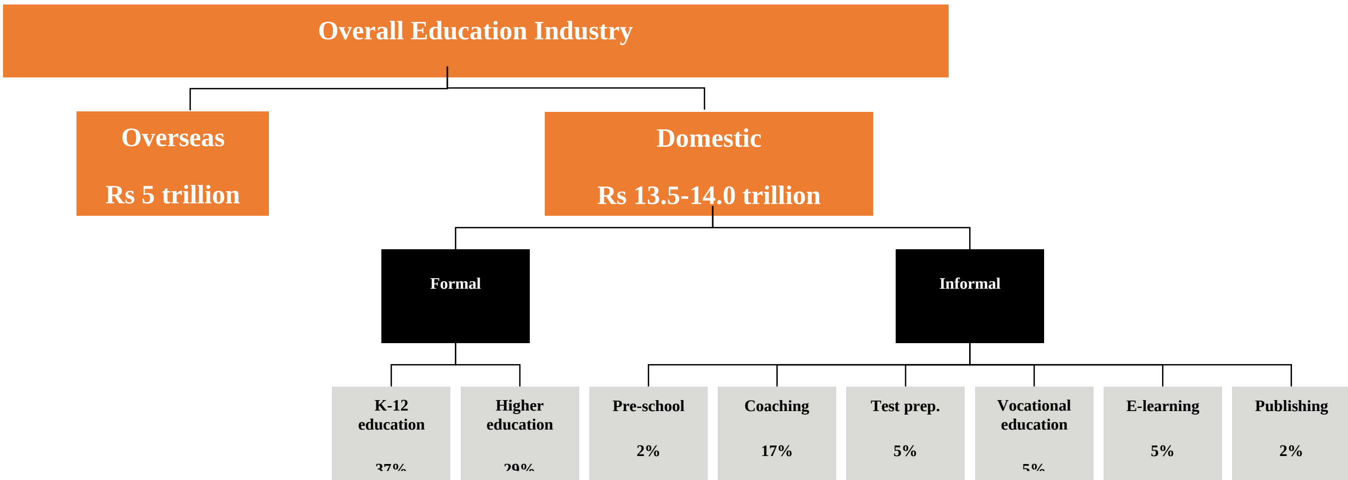
- HDFC sold a 90.01% stake in HDFC Credila for ~Rs 95.5 billion to investors EQT and ChrysCapital in March 2024

Auxilo Finserve received capital infusion to the extent of ~Rs 4.7 billion from Tata Capital Growth Fund II, Trifecta Leaders Fund - I, Xponentia Opportunities Fund - II, along with existing shareholder ICICI Bank Ltd, in July 2023

Overview of Educational Services Industry

In India, the overall education market in fiscal 2024 is estimated at ~Rs. 18.5-19.0 trillion, which includes both the overseas education market and the domestic education market. The overseas education market involves students pursuing education in a foreign country, while the domestic education market encompasses comprises education within one's own country. Among the categories, CRISIL expects overseas education market to outpace the domestic education market in India.

Domestic Education accounts for a larger share in Overall Education Industry (fiscal 2024 estimates)



Note: Sum of Total Addressable Market of Overseas Education for CY2023 & Domestic Education for FY2024; Source: UDISE+ reports, AISHE reports/data, AICTE, CRISIL MI&A*

The Overseas Education market (expenditure incurred by students going abroad) in India has been experiencing significant growth in recent years and is estimated to have reached Rs. 5 trillion in CY2023. The growth in this market can be attributed to an increasing number of Indian students seeking international exposure, high-quality education and the rising cost of attendance. The overseas education market is projected to grow at a ~17% CAGR to reach Rs. 10.5-11.5 trillion by end of CY2028.

Overseas Education Market in India

Overseas Education	CY2023	CY2028	CAGR during the period (2023-28)
Total Addressable Market	Rs. 5 trillion	~Rs. 10.5 – 11.5 trillion	~17%

Source: Company reports, CRISIL MI&A

The Domestic education industry can broadly be classified into two categories: formal and informal. The formal category comprises kindergarten to grade 12 (K-12) school education and higher education (including graduation and post-graduation). On the other hand, the informal sector includes early childhood education, vocational training, publishing, e-learning, test preparation and coaching services. The Domestic Education market is estimated at Rs 13.5-14.0 trillion in fiscal 2024. It is estimated to have grown at a compound annual growth rate (CAGR) of 9% over fiscals 2018 and 2024, and at 3-year CAGR of 15% between fiscals 2021 and 2024, primarily led by recovering demand after the pandemic. Going forward, the education industry is expected to grow at a CAGR of 12-13% over fiscals 2024 to 2029, with its market size exceeding Rs 24 trillion.

Domestic Education Market in India

Domestic Education	FY2024	FY2029	CAGR during the period
Total Addressable Market	~Rs 13.5-14 trillion	~Rs. 24-24.5 trillion	~12-13%

Source: Company reports, CRISIL MI&A

Overview of Overseas Education Market in India

India has long been a significant contributor of international students, with a rising number of Indian students opting for higher education abroad. The surge in Indian students going abroad for studies is fuelled by the growing aspirations of students for education in foreign universities, alongside the increasing trend of Indian students choosing to study abroad for a better lifestyle and earning capability. According to the Ministry of External Affairs, Government of India, over 1.5 million Indian students were pursuing studies overseas in 2023. The top 15 destinations for Indian students during the past five years were the US, Canada, the UK, Australia, Germany, the Russian Federation, Bangladesh, Kyrgyzstan, Ukraine, Singapore, China, the Philippines, the UAE, France and New Zealand. These 15 countries together account for 89.7% of the total population of Indian nationals who went abroad between 2018 and the first half of 2023. At an overall level, in October 2023, the number of Indian students abroad was estimated at 1.5 million in October 2023.

Destination-wise number of Indian nationals who went abroad for education (per calendar year)

Top 15 countries	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023E	CAGR (2019-23)
US	122,535	62,415	125,115	190,512	268,923	21.7%
Canada	132,620	43,624	102,688	185,955	241,602	16.2%
UK	36,612	44,901	77,855	132,709	164,724	45.6%
Australia	73,808	33,629	8,950	59,044	96,442	6.9%
Share of top 4 countries	**62.3%**	**71.1%**	**70.8%**	**75.7%**	**80.2%**	-

Top 15 countries	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023E	CAGR (2019-23)
Germany	18,034	9,865	16,259	20,684	19,664	2.2%
Russia	16,545	1,387	15,814	19,784	12,312	-7.1%
Bangladesh	13,412	5,479	10,493	17,006	22,873	14.3%
Singapore	15,419	4,860	2,664	17,085	17,538	3.3%
Kyrgyzstan	12,942	865	15,162	14,728	8,777	-9.3%
Ukraine	13,911	6,723	18,596	2,199	409	-58.6%
China	19,170	398	3	1,967	10,224	-14.5%
The Philippines	13,479	4,601	251	11,261	11,106	-4.7%
UAE	9,341	2,925	3,427	5,892	6,309	-9.3%
France	8,495	4,333	5,293	6,406	7,961	-1.6%
New Zealand	10,297	5,321	64	1,605	6,122	-12.2%
Total of top 15 countries	**516,620**	**231,326**	**402,634**	**686,837**	**894,985**	**14.7%**
Overall	**586,337**	**259,655**	**444,553**	**750,365**	**962,100**	**13.2%**
% Of top 15 countries	**88.1%**	**89.0%**	**90.6%**	**91.5%**	**93.0%**	**-**

Note: E = Estimated; The top 15 countries are identified based on cumulative Indian nationals going abroad between 2019 & 2023; Source: Ministry of External Affairs, CRISIL MI&A

Growth drivers for overseas education market

CRISIL expects the number of Indian students studying abroad to increase due to factors such as the expanding student population in India, rising competition, limited prestigious university seats locally, and a rising preference among students for global exposure, higher salary and emigration for a better quality of life. Additional factors include, rising awareness among Indian students and parents about the benefits of studying abroad, rising disposable incomes, and the proliferation of English-language institutions in non-English-speaking countries are also contributing to the growth of overseas education market. Below are the factors, which will continue to drive the prospects of the overseas education market in India:

- **Better quality of education:** Foreign universities ensure a higher standard of teaching, innovative methods of imparting knowledge, diversified courses, and various exchange programs. They also lay emphasis on practical and experiential learning which enable students to apply their knowledge in real-life situations.

- **Better career opportunities:** Studying abroad can enhance career prospects by providing access to a wider range of industries, networks and job opportunities. Students view international experience as an asset in the global job market.

- **Visa policies and immigration:** Favourable visa policies, including post-study work opportunities and permanent residency encourage Indian students to choose certain countries for their higher education.

- **Rising globalisation:** As the world becomes increasingly interconnected, there is a growing recognition of the value of international exposure and education. Indian students now seek to broaden their horizons via overseas education.

- **Availability of overseas-education financing:** India's population is largely comprised of low- and middle-income families who find it difficult to pursue overseas education due to shortage of funds. Further, tuition fees for international students are significantly higher than domestic students, hence there is a huge dependency on availability of financing options for funding their overseas spends.

- **Growing popularity of international board schools in India:** The growing popularity of international education through International Baccalaureate/International General Certificate of Secondary Education schools offering globally recognised curricula, serve as a funnel for students preferring an international educational experience.

- **Quality of Infrastructure:** In India, not a large number of Universities in India have access to high quality Infrastructure & cutting-edge technology, which act as a driver for students to go abroad.

- **Research opportunities:** Pursuing research opportunities and aspiration to work with some advanced technology drive students to seek admissions in STEM (science, technology, engineering and mathematics) courses abroad which have higher employment opportunities and job security than other courses.

- **Parental aspirations:** Many Indian parents prioritise their children's education and are willing to invest in sending them abroad for better academic and career prospects.

- **Information accessibility:** Increased access to information through the internet, social media and education consultants have enabled students to explore overseas education options and make informed decisions. Further, the large Indian diaspora in several countries ensures convenience and ease of settling abroad for Indian students.

  In addition, the acceptance of Indian students in overseas markets is a multifaceted phenomenon driven by mutual benefits for both the students and the host countries. Some of the drivers are as follows:

- **Ageing of local population:** Countries facing challenges with ageing local populations leads to a smaller workforce and a lower number of domestic students entering higher education. International students from countries such as India help fill this gap thereby supporting the local economy

- **Enrolment saturation in local country:** Enrolments in higher education universities in several countries are either stagnant or declining due to various factors, including demographic changes. International students provide a crucial source of enrolment, helping maintain and enhance the vitality and diversity of educational institutions

- **Talent shortage:** Many sectors globally are experiencing a shortage of skilled talent in areas such as IT, engineering, healthcare and research. Indian students, who often pursue degrees in these fields, are highly sought-after to fill these gaps. Their academic and professional contributions help drive innovation and growth in the host countries.

- **Diversity of students** is an important KPI for overseas Universities, abroad &which are therefore hence they are looking to increase proportion of international students while they are composing their class/ batch profile.

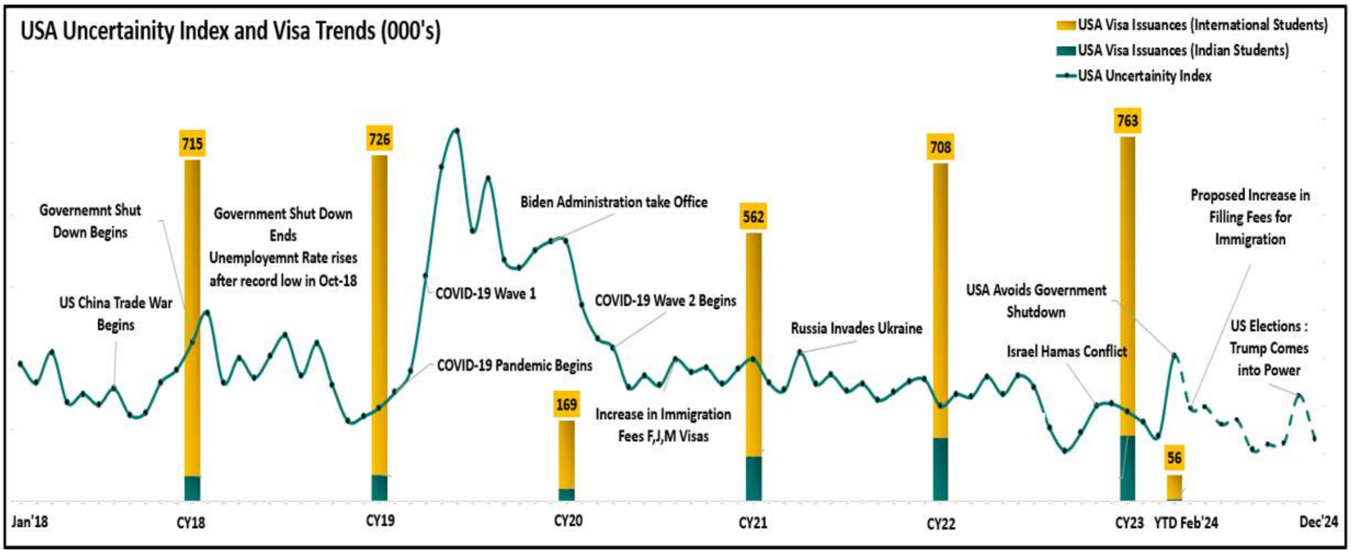
- **Fees paid by international students** is a major source of revenue for those educational institutions. The students also contribute to the economy of the countries by spending on accommodation, food, transportation and consumer goods.

Limited impact of Macro events on Visa issuances to Indian students

Further, historical trends suggest that visa issuances and immigration of Indian students have remained unaffected even during through geopolitical uncertainties, elections, change in government and the Covid-19 pandemic.

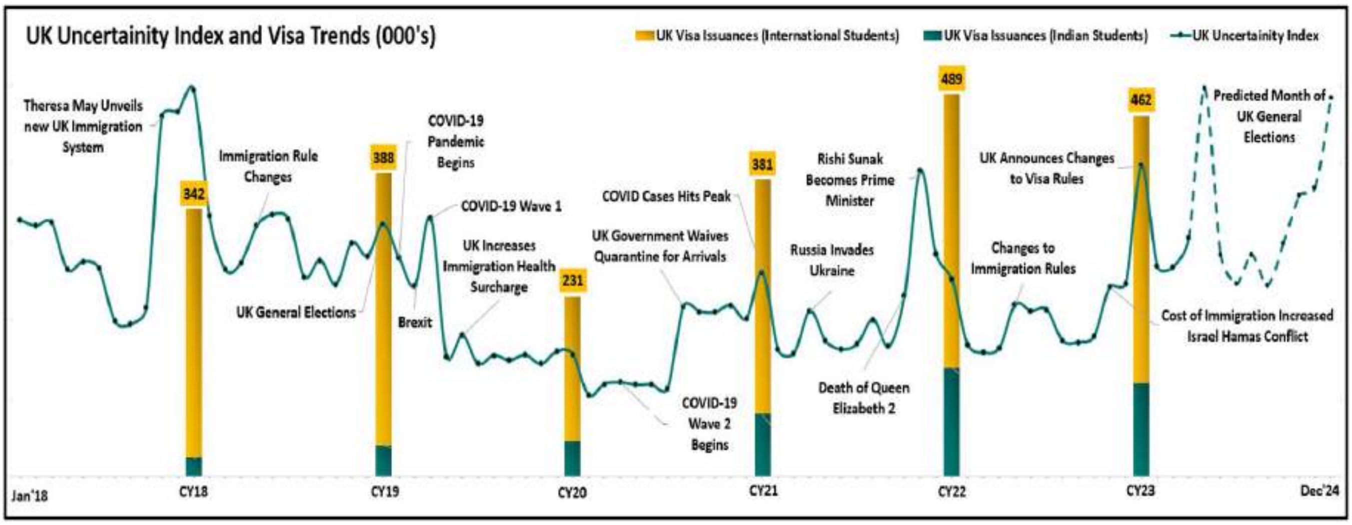
The Immigration Indices and Visa Issuance Trends provided below for US, UK and Canada reveals trends in visa issuance and immigration of Indian students in respective countries since January 2018. The trends in these countries show that visa issuance and immigration of Indian students remained unaffected by covid-19 pandemic, geo-political tensions such as US-China Trade War, the Russian invasion of Ukraine, the Israel-Hamas conflict and tightening of trade tariffs by US, etc., and elections.

Trend of immigration and visa issuance to Indian students in the US



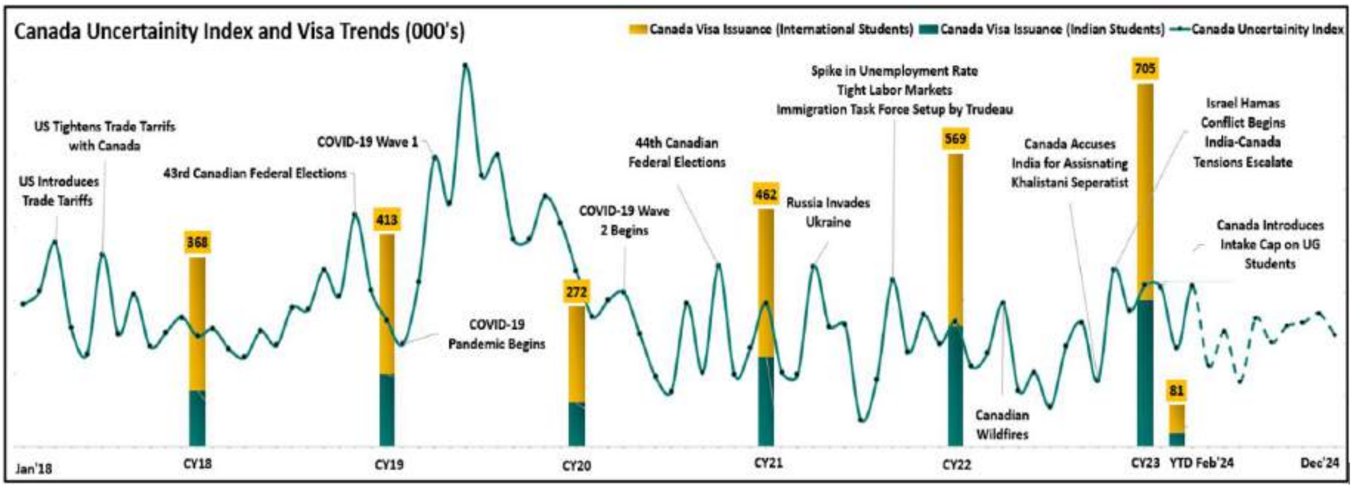
Source: Bureau of Consular Affairs - US Department of State, CRISIL MI&A

Trend of immigration and visa issuance to Indian students in the UK



Source: UK Visas and Immigration - Government of UK, CRISIL MI&A

Trend of immigration and visa issuance to Indian students in Canada



Source: IRCC – Government of Canada, CRISIL MI&A

USA remains a preferred destination for Indian students; UK and Canada catching up

The USA continues to be a preferred destination for Indian students to study abroad. According to an Open Doors report, the number of Indian students studying in the US increased 35% to an all-time high of 268,923 in calendar year 2022-23, accounting for 25.4% of total students visiting the US for education. Despite the steep cost of education, appeal of the US as a preferred destination for Indian student continues due to its strong reputation for STEM courses and well-funded research.

In USA, share of visa issuance to Indian students increased rapidly, from 7.6% in 2018 to 18.2% in 2023 owing to rise in number of F1 visas issued to Indian students for pursuing academic studies, J1 visas for practical training and M1 visas for vocational studies. Similarly, the share of visa issuance to Indian Students for UK and Canada has increased to 26.0% and 40.4% respectively in 2023, from 7.2% and 29.7% in 2018.

Key factors driving students towards the USA:

- **High post-study salaries:** The US offers lucrative employment opportunities for graduates, especially in STEM fields. Indian graduates often find a career with attractive salaries, making investment in education abroad worthwhile.

- **Attractive labour market:** The US boasts a diverse and dynamic labour market with opportunities across various industries. Indian students, particularly those with STEM backgrounds, are in high demand due to their strong technical skills and knowledge, making it easier for them to secure employment post-graduation.

- **Stable geopolitical relationship with India:** The stable geopolitical relationship between the US and India fosters trust and collaboration, making it easier for Indian students to navigate visa processes and cultural adjustments. Additionally, diplomatic ties have resulted in favourable policies for Indian students studying in the US.

- **Low unemployment rates for postgraduates and STEM graduates:** The US has seen historically low unemployment rates for postgraduates and graduates in STEM fields. This provides a sense of security to Indian students pursuing higher education in the US, knowing that they have good prospects for employment upon graduation.

  Low Unemployment rates with advanced education (% of total labour force with advanced education)

Country	2019	2020	2021	2022	2023
US	2.4%	5.6%	3.6%	2.3%	2.4%
Canada	4.4%	7.6%	5.9%	4.1%	4.2%
Australia	2.2%	4.1%	3.5%	NA	NA
Germany	1.8%	2.5%	2.4%	2.0%	NA

  Note: Data for the UK is not available; Advanced education comprises short-cycle tertiary education, a bachelor's degree or equivalent education level, a master's degree or equivalent education level, or a doctoral degree or equivalent education level according to the International Standard Classification of Education 2011; Source: World Bank, CRISIL MI&A

- **Networking and professional opportunities:** Studying in the US exposes Indian students to a vast network of professionals, researchers and industry leaders. This facilitates networking and opens doors to valuable internship and job opportunities, further enhancing their career prospects.

Other countries such as Canada, UK, Germany, Australia, New Zealand and Ireland are fast becoming appealing destinations for Indian students, offering competitive education standards, welcoming immigration policies, and post-study work opportunities. The UK, for instance, to ensure international students attend their beginning days of schools and colleges, introduced Priority and Super Priority visas over regular visas to speed up processing for incoming students. Germany, for example, is increasingly favoured for its engineering and technology programmes, often offered at public universities with negligible tuition fees. On the contrary, Australia and New Zealand are popular for their high quality of life, lively student communities, ample job opportunities, and strong support systems for international students. This shift in destination preferences reflects the growing awareness and openness of Indian students to explore new horizons for their academic pursuits.

Share of countries in number of Indian nationals going abroad for education (per calendar year)

Countries	CY19	CY20	CY21	CY22	CY23E
US	20.9%	24.0%	28.1%	25.4%	27.9%
Canada	22.6%	16.8%	23.1%	24.8%	25.1%
UK	6.2%	17.3%	17.5%	17.7%	17.1%
Australia	12.6%	13.0%	2.0%	7.9%	10.0%
Germany	3.1%	3.8%	3.7%	2.8%	2.0%
Russia	2.8%	0.5%	3.6%	2.6%	1.3%
Bangladesh	2.3%	2.1%	2.4%	2.3%	2.4%
Singapore	2.6%	1.9%	0.6%	2.3%	1.8%
Kyrgyzstan	2.2%	0.3%	3.4%	2.0%	0.9%
Ukraine	2.4%	2.6%	4.2%	0.3%	0.0%
China	3.3%	0.2%	0.0%	0.3%	1.1%
Philippines	2.3%	1.8%	0.1%	1.5%	1.2%
UAE	1.6%	1.1%	0.8%	0.8%	0.7%
France	1.4%	1.7%	1.2%	0.9%	0.8%
New Zealand	1.8%	2.0%	0.0%	0.2%	0.6%
Other countries	**11.9%**	**10.9%**	**9.3%**	**8.2%**	**7.0%**

Note: E: Estimated; Source: Ministry of External Affairs, CRISIL MI&A

CRISIL expects the number of students going to top 10-15 destinations for education to increase between calendar years 2023 and 2028, driven by the growth drivers listed earlier, especially favourable policies and increasing acceptance of Indian students.

Cumulative Indian population going abroad for education to cross 6.0 million between CY24-28

Worldwide & Top 10 countries	CY19 ('000)	CY23 Estimated ('000)	CY24-28P ('000)
Worldwide	**586.3**	**962.1**	**6,000-7,000**
Top 10 Countries			
US	122.5	268.9	1,750 – 1,850
Canada	132.6	241.6	1,550–1,650
UK	36.6	164.7	1,000–1,100
Australia	73.8	96.4	750–800
Germany	18.0	19.7	100–200
Russia	16.5	12.3	100-110
Bangladesh	13.4	22.9	180-200
Singapore	15.4	17.5	130-140
Kyrgyzstan	12.9	8.8	75-85
Ukraine	13.9	0.4	35-45

Note: P - Projected number of Indian students going abroad during CY24-28; Source: MOSPI, Ministry of Health and Family Welfare, Ministry of External Affairs, CRISIL MI&A

Average cost of education for students studying abroad

The average cost of education for studying abroad can vary significantly depending on the country, level of study, institution, duration of the programme and typically includes tuition fees, living expenses, accommodation, travel costs, insurance and other miscellaneous expenses. For example, studying in the US can range from $27,000 to $70,000 per year for tuition fees alone, not including living expenses. In countries such as Germany and Norway, public universities may offer tuition-free education for international students, but students still need to spend on living expenses. The table below shows the average tuition fee and cost of attendance (which includes tuition fee, room, boarding, meals and other expenses borne by students) in the top 15 countries pursued by Indians.

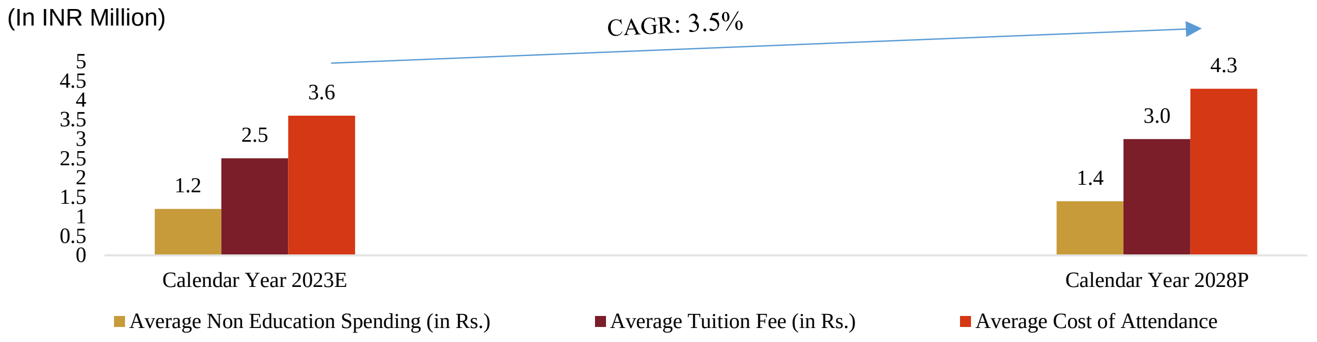
Average tuition fees per calendar year in top 15 countries for overseas students (CY23)

Tuition fees for CY23	Average tuition fee(Rs million)	Average cost of attendance (Rs million)
US	3.8 – 4.2	5.8 – 6.0
Canada	1.9 – 2.3	3.0 – 3.4
UK	2.3 – 2.7	3.6 – 4.0
Australia	1.9 – 2.3	2.7 – 3.1
Germany	0.9 – 1.3 **	1.5 – 1.9 **

Tuition fees for CY23	Average tuition fee(Rs million)	Average cost of attendance (Rs million)
Russia	0.3 – 0.5	0.6 – 0.8
Bangladesh	0.5 – 0.7	0.6 – 1.0
Singapore	1.8 – 2.0	2.5 – 2.9
Kyrgyzstan	0.3 – 0.5	0.4 – 0.6
Ukraine	0.2 – 0.4	0.3 – 0.6
China	0.3 – 0.35	0.4 – 0.5
Philippines	0.9 – 1.1	1.2 – 1.6
UAE	2.4 – 4.8	4.5 – 5.0
France	0.7 – 0.8	1.8 – 2.0
New Zealand	1.2 – 1.7	2.4 – 2.6
Average fee for top 15 countries	2.3– 2.5	3.5 – 3.7

*Note: Considers tuition fee for both undergraduate and postgraduate courses; **Considers tuition fee for private universities in Germany; Total cost of attendance includes tuition fee, room, boarding, meals and other expenses; Average Tuition Fee and Cost of Attendance is calculated as a sum product based on the proportion of students going abroad to these top locations; Source: University websites, Statistics Canada, Federal Ministry of Education & Research (Germany), CRISIL MI&A*

Average Annual Cost of Attendance for students to grow by ~3.5% between CY2023 & CY2028



Note: E: Estimated; P: Projected; Source: University Websites, Statistics Canada, Federal Ministry of Education & Research (Germany), CRISIL MI&A

Addressable market (cumulative spending on overseas education) for financiers between CY2024 and CY2028 estimated at Rs 44-45 trillion

Basis cumulative spending of students, CRISIL MI&A estimates the addressable market, which is the potential available for a lender focused on providing education loans to students going abroad, to be Rs 44-45 trillion between 2024 and 2028. The overseas education expenditure is currently estimated to have reached Rs 5-5.1 trillion annually in 2023 and projected to log a CAGR of ~17% to reach Rs 10.5-11.5 trillion by 2028. This market is expected to be driven by the increase in the number of students opting for education abroad and the rising cost of attendance. In the past, Universities have systematically raised course fees for international students above the rate of inflation. Going forward, CRISIL MI&A projects the average annual tuition fee to grow at 3.5-4.0% between 2023 and 2028, owing to continued rise in education inflation. Non-education expenses (room, boarding, meals and other expenses) are estimated to surge 3% during the same period.

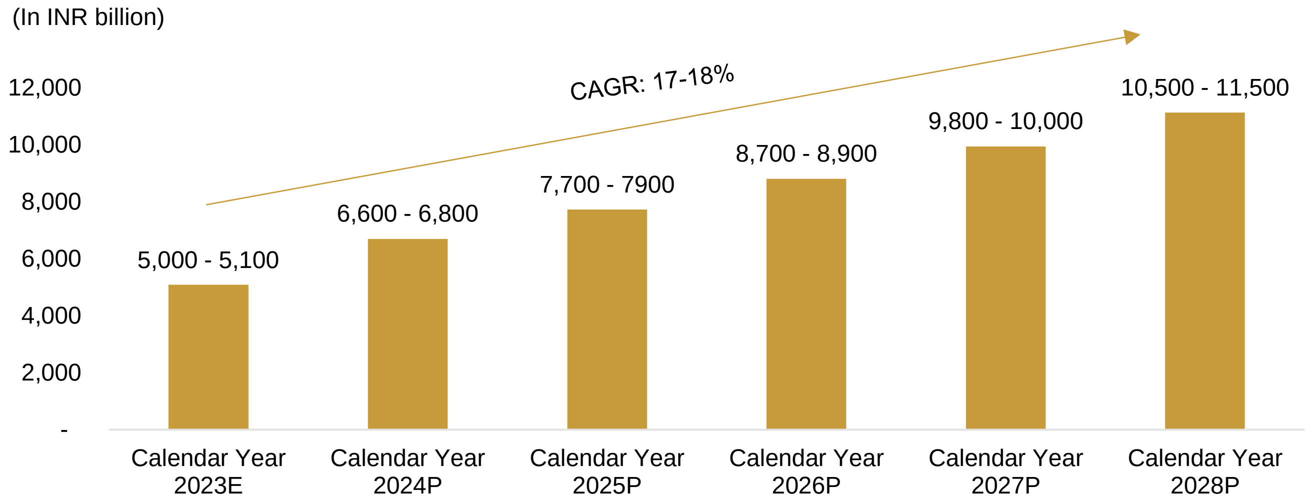
Estimated spending by Indian students on education per calendar year

CY23	Estimated spending by Indian students on education (includes tuition, boarding, lodging and meals) (Rs billion)
US	1,550 - 1,610
Canada	725 – 825
UK	600 – 650
Australia	250 – 300
Germany	30 – 37
Russia	7 – 10
Bangladesh	15 – 25
Singapore	45 – 50
Kyrgyzstan	4 – 5
Ukraine	0.1 – 0.2
China	4 – 5
Philippines	10 – 20
UAE	28 – 32
France	14 – 16
New Zealand	15 - 16

Note: The above data represents the estimated average spending of first year Indian student in a calendar year in the respective country

Source: Ministry of External Affairs, university websites, Statistics Canada, Federal Ministry of Education (Germany), CRISIL MI&A

Average Annual spending of students going abroad to grow by ~17% CAGR between CY2023 and CY2028



Note: E - Estimated; P – projected; The above data represents the estimated average spending of Indian student in a calendar year (it includes spending of first year students in the current year and spending of second year students from the previous year); Source: Ministry of External Affairs, university websites, Statistics Canada, Federal Ministry of Education (Germany), CRISIL MI&A

Profile of students and households opting for overseas education

Students and households interested in overseas education tend to be motivated by a desire for academic excellence, cultural exposure, career opportunities and personal growth. They often possess the necessary academic qualifications, language proficiency, finance and family support to pursue overseas education. A general profile of such students and households:

- **Middle class:** Students from these households typically prefer STEM courses owing to higher employability and often rely on scholarships, financial aid or education loans from commercial banks/NBFCs in India to fund their studies overseas. On the lines of student loan programmes in various countries, the education loans offer low interest rates and defer repayment until securing employment after the competition of the course.

- **Upper middle class and the affluent:** This group is more inclined towards funding its overseas education either fully or partially to induce financial discipline, set up financial goals, build credit score, obtain tax benefits and reduce pressure on savings. These set of people are also open to explore courses beyond STEM and business disciplines and are also open to emerging educational destinations such as Germany for engineering, Ireland for technology programmes and other European (notably Italy and France) and Asian countries (such as Japan and Korea)

Sources of funding for overseas education

The sources of funding can vary in availability and accessibility depending on individual circumstances, academic achievements and the chosen destination for education.

Below are some of the common sources of funding explored by students for pursuing education abroad:

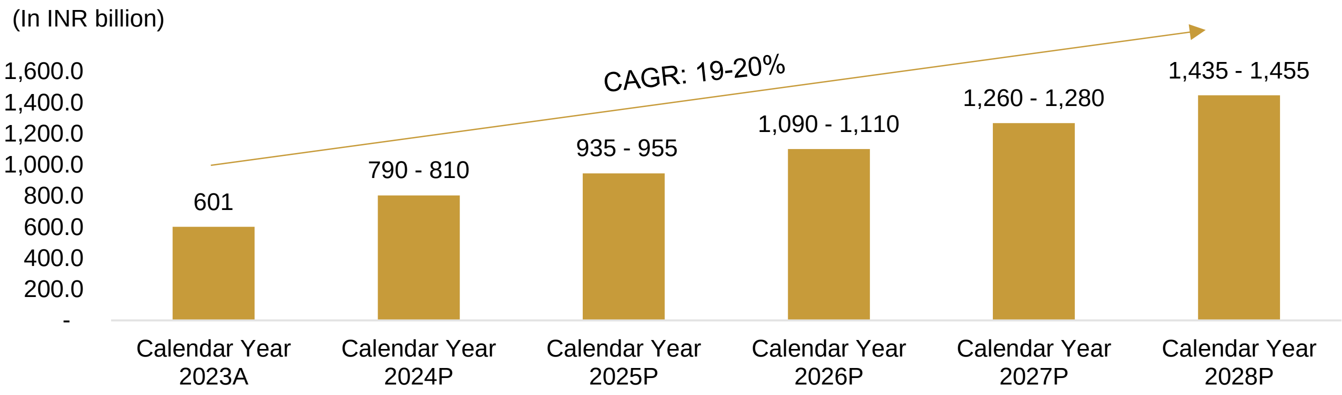
- **Personal savings and family support:** Families may save up over the years to fund their children's education abroad from their regular income, investments or dedicated education funds. Some students receive financial support from their families, relatives or sponsors to pursue education abroad.

- **Government sponsorship/ scholarships and grants/ employer sponsorship:** Students may apply for scholarships and grants offered by foreign universities, governments, non-profit organisations and private institutions, to offset tuition expenses. In certain cases, government-sponsored programmes or employer scholarships may be available to support students pursuing higher education abroad, particularly in fields deemed critical or strategic.

- **Education loans:** Many students, to cover tuition fees, living expenses and other related costs, opt for collateral and non-collateral-based education loans from banks or financial institutions. In the former, financiers typically accept property as collateral, while in the latter, underwriting is mainly based on the student's academic profile, parents' income, university, and the student's prospect of placements/ earning potential. These loans often have favourable terms and repayment options. CRISIL estimates 11-12% of students who pursue overseas education use such financing and going forward, CRISIL projects, such penetration in the overseas education market to increase to ~13% by the end of 2028.

Additionally, some countries allow international students to work part-time, helping them cover living expenses and reduce their dependency on other sources of funding while studying.

Incremental disbursements per calendar year estimated to grow 19-20% between CY2023 and CY2028

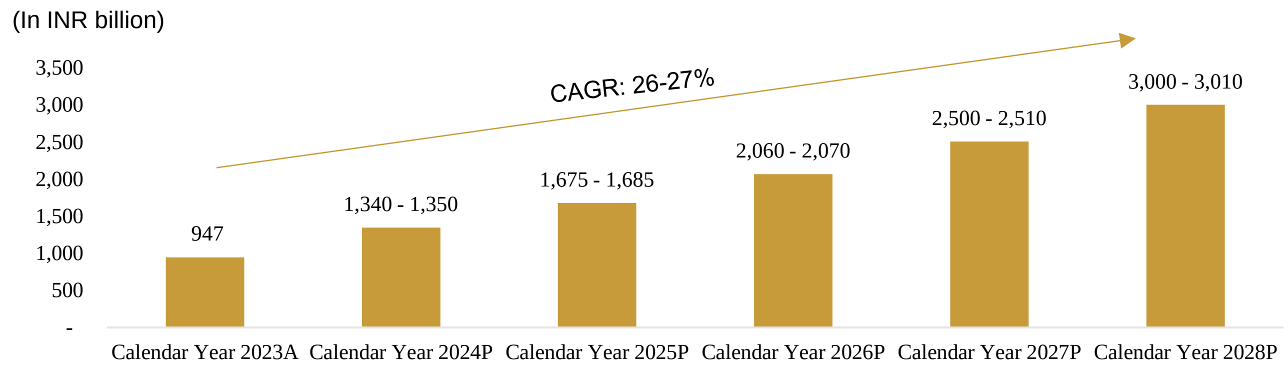


Note: A: Actuals; P – Projected; Source: Ministry of External Affairs, university websites, Statistics Canada, Federal Ministry of Education (Germany), CRISIL MI&A

Overseas-education loan portfolio to surpass domestic-education loan portfolio owing to rising demand

Opening of overseas borders for on-campus education and rising cost of education in foreign universities have led to exponential growth in overseas-education loans in India. Overseas-education loan portfolio witnessed an exponential 32.8% CAGR between 31st March 2019 and 31st December 2023 to reach Rs. 947 billion despite a slump during the pandemic, while the overall education loan portfolio grew 14% during the same period to reach Rs 1,655 billion. CRISIL MI&A expects growth momentum of overseas-education loans to continue going forward. Between calendar years 2023 and 2028, average tuition cost and average cost of non-education spending is estimated to log a CAGR of 3.5-4% and 3%, respectively. In turn, the overseas-education loan portfolio is expected clock a 26-27% CAGR during the period.

Overseas education loans portfolio is expected to cross ~Rs. 3.0 trillion as of 31st December 2028



Note: A: Actuals; P: Projected; A large number of students take Personal Loan/LAP from lenders to fund their education. However, this is not reported under education loan category in the credit bureau; Source: CRIFHighMark, CRISIL MI&A

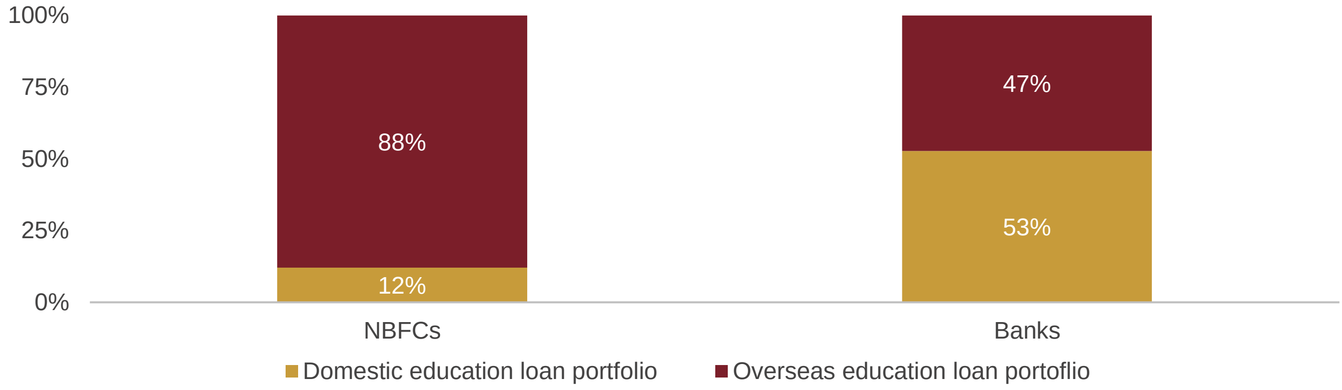
Overseas education loan dominates NBFC education loan portfolio

Education loans up to Rs 2.0 million fall under priority sector lending for banks. However, banks have a higher share of small-ticket education loans in their education loan portfolio as there is no need for security or guarantee for loans up to Rs 0.4 million as per RBI regulations. The RBI diktat, though, makes these loans riskier. In fact, some leading banks that were also offering collateral-free education loans higher than Rs 0.4 million saw high GNPA in their education loan portfolio in the past. Owing to this, banks have adopted a cautious approach in lending to stabilise their GNPA levels.

In contrast, NBFCs focus more on the higher end, preferring to disburse loans above Rs 1.0 million – their average ticket size is Rs 2.0-2.2 million. This gives NBFCs an opportunity to corner a majority share of the overseas education loan space. Moreover, overseas education loans generate good quality loan books thereby encouraging NBFCs to cater to this market.

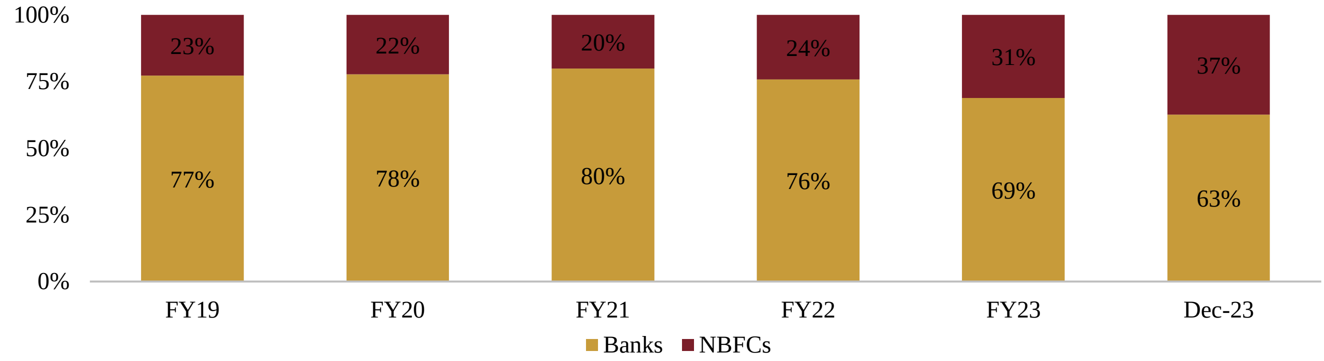
Further, education loans focused NBFCs have a differentiated distribution approach with a higher degree of reliance on education counsellors, DSAs, and digital channels as compared to a physical branch network which is predominantly required for other traditional loans such as mortgages, MSMEs and LAP. On the other hand, banks also leverage education counsellors, DSAs, and digital channels for sourcing students, however the reliance on branches to acquire customers is relatively higher for banks.

88% of NBFC portfolio comprised overseas education loans as of 31st December 2023



Source: CRIFHighMark, CRISIL MI&A

Share of NBFCs in overseas education loans rising rapidly



Source: CRIFHighMark, CRISIL MI&A

Further, in terms of product, banks typically prefer collateral-based loans, whereas NBFCs disburse non-collateral-based loans for overseas education. Some of the other factors that have enabled NBFCs to grow in the market are:

- **Customised loan products:** NBFCs often offer specialised loan products tailored specifically for funding education abroad. These products may include features such as higher loan amounts, lower collateral requirements and more flexible repayment terms catering to the unique needs of students studying overseas

- **Faster processing and quick TAT:** NBFCs often have streamlined processes and quicker TAT for loan approval and disbursement compared to banks. This agility can be beneficial for students who need timely financing to secure admission and meet visa requirements

- **Specialised underwriting:** NBFCs have customised loan options available based on future income assessment of students, unlike banks, making it easier for students with limited credit history or unconventional financial backgrounds to qualify for the loans. Further, education loan focused NBFCs on account of their niche focus have exhibited better underwriting capabilities as compared to Banks, which is witnessed in their asset quality as well.

- **Personalised customer service:** NBFCs typically offer more personalised customer service compared to large banks, providing dedicated support and guidance throughout the loan application and repayment process. This level of attention can be particularly valuable for students and their families navigating the complexities of international education financing

- **Innovative financing options:** NBFCs are known for their innovation in financial products and services. They may offer innovative financing options such as co-financing arrangements, providing alternative solutions for students seeking funding for their education abroad

- **Fewer stringent documentation requirements:** With all regulatory norms being followed, NBFCs require fewer documentation and paperwork compared to banks, simplifying the loan application process and reducing the administrative burden for students and their families

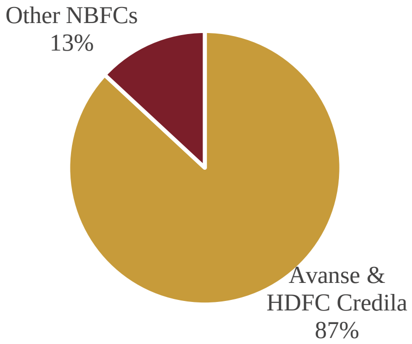
- **Value-added services:** NBFCs facilitate various value-added services through their partners, such as visa approvals, counselling, pre-sanction loan for students wanting to study abroad, financing the cost of living, and other costs such as that of books and laptops

- **Differentiated distribution approach:** Distribution approach of NBFCs in education loans lays more emphasis on non-physical touchpoints such as education counsellors, DSAs, and digital channels than the physical branch network.

Two NBFCs dominate the overseas education loan portfolio

As of 31st December 2023, HDFC Credila Financial Services (62%) and Avanse Financial Services (24%) dominated the NBFC education loan portfolio in terms of market share. Other key NBFCs in this space are Auxilo Finserve, InCred Finance, Prodigy Finance and MPower.

In terms of education loans AUM, HDFC Credila and Avanse held cumulative share of ~87% among NBFCs (December 2023)



Source: Public disclosures, CRIFHighMark, CRISIL MI&A

Role of education counsellors in overseas education

Education consultants and counsellors serve as trusted advisors and advocates for students pursuing overseas education and help them navigate the complexities of studying abroad to achieve their academic and personal goals. Their roles comprise:

- **Providing information and advice:** Counsellors provide information to students about various study options abroad, including universities, courses and countries, in addition to advice on academic requirements, application procedures, visa regulations and cultural considerations based on students' interest and financial profile.

- **Student assessment and matching:** Counsellors assess students' academic backgrounds, interests and career goals to help them choose the most suitable study programme and institution. They align students with universities that will help them with their aspirations and capabilities.

- **Application assistance:** Counsellors assist students throughout the application process, from filling out forms to preparing supporting documents and writing personal statements. They offer guidance on how to meet application deadlines and fulfil admission requirements.

- **Financial planning:** Counsellors help students understand the cost of studying abroad and explore available funding options, such as scholarships, grants and education loans. They advise them on obtaining the necessary financial documents required for visa applications.

- **Visa and immigration support:** Counsellors guide students through the visa application process, explaining the requirements, procedures and documentation. They help with accurate completion of visa applications and preparation for visa interviews as well.

- **Pre-departure preparation:** Counsellors help students prepare to live in a new country by providing information about its culture, customs and lifestyle. They offer guidance on accommodation options, travel arrangements, health insurance and other practical matters.

- **Emotional support:** Counsellors provide emotional support to students who may experience anxiety or stress, reassure them by addressing their concerns, answering questions and motivating them throughout the transition process.

Revenue model of education counsellors

Expenditure on counsellors for overseas education depends on the type of services provided and their level of expertise. Families that can afford spending on counsellors may invest significantly in hiring private educational consultants, who offer personalised guidance throughout the application process. Overall, the increasing demand for overseas education has led to a growing market for education counsellors in India, with spending varying based on individual preferences and financial capabilities. The counsellors for overseas education typically generate revenue through various means, which includes the following:

- **Consultation fees:** Counsellors charge students a one-time consultation fee for their services, which covers the initial assessment, advice and guidance provided on study options abroad, application process and other relevant information.

- **Application assistance fees:** Counsellors charge for assisting students with the application process, including filling forms, preparing documents, writing personal statements and submitting applications.

- **Visa and immigration services fees:** Counsellors charge for assisting and guiding students with the requirements, documentation, visa application procedures, interview preparation and immigration.

- **Test preparation courses:** Some education counsellors offer and charge for preparation of standardised tests that are mandatory to get an admission to universities or study programmes abroad, such as the Test of English as a Foreign Language (TOEFL), International English Language Testing System (IELTS), Graduate Record Examinations (GRE) or Graduate Management Admission Test (GMAT).

- **Placement fees:** Education counsellors often have partnerships or agreements with universities, colleges, language schools and other institutions abroad. They may receive commissions or referral fees from these institutions for admitting students or promoting their programmes.

- **Scholarship and financial aid:** Counsellors often assist students in finding scholarships, grants or financial aid to fund overseas education. They may charge fees for this service or receive commission from scholarship providers.

- **Value-added services:** Counsellors may offer and charge for additional value-added services to students, such as pre-departure orientation sessions, accommodation arrangements, travel planning and health insurance while abroad.

The proportion of placement fee can also depend on factors such as the level of service provided by the counsellor, the reputation and ranking of the university, the country where the university is located and the programme in which the student is enrolled. In some cases, counsellors may not charge a placement fee directly from the student but instead receive a commission or referral fee from the university for successfully recruiting students to their programmes.

Applicant evaluation by NBFCs for overseas education loans

NBFCs play a significant role in the overseas education loan category in India, providing alternative funding options to students seeking higher education abroad. They follow a comprehensive underwriting process to assess the creditworthiness of applicants and mitigate risks associated with financing education abroad by assessing:

- **Applicant's profile:** NBFCs evaluate the applicant's academic background, including transcripts, standardised test scores, such as GRE, GMAT, TOEFL, or IELTS, and admission status to a recognised institution abroad

- **Applicant’s financial stability:** NBFCs assess the financial stability of the applicant and their co-borrowers or guarantors (if applicable). This includes evaluating income sources, assets, liabilities and credit history to determine the borrower's ability to repay the loan. The NBFCs also assess the future income potential of the student based on the university and the course selection which aids in better underwriting and credit quality.

- **Course and institution selection:** NBFCs may have specific eligibility criteria regarding the course and institution selected by the applicant. They may prioritise financing for courses and institutions with a strong track record of employment outcomes and academic reputation

- **Loan amount and terms:** NBFCs determine the loan amount based on the cost of education, including tuition fees, living expenses, travel costs and other related expenses. They also establish the loan terms, including interest rates, repayment period and any collateral requirements

- **Risk mitigation measures:** Depending on the borrower's profile and the loan amount, NBFCs may require a collateral or co-signers in few cases as risk mitigation measures. Collateral could include tangible assets such as property, fixed deposits or liquid securities

- **Documentation and legal compliance:** NBFCs ensure that all necessary documentation, including application forms, KYC documents, income proof, academic transcripts, admission letters and loan agreements, are completed accurately and in compliance with regulatory requirements

- **Loan disbursement and monitoring:** Upon approval, NBFCs disburse the loan amount directly to the educational institution or the borrower as per the agreed terms. They may also have mechanisms in place to monitor the progress of the borrower’s studies and ensure timely repayment

Threats & Challenges for Financiers in the Overseas Education loan market:

Financiers in the overseas education loan market face several risks, which typically include the following:

- **Student Mobility**: Stringent Visa norms can restrict the number of students who travel abroad for education, thereby affecting the demand for overseas loans.

- **Regulatory Risk**: Changes in regulations in either the home country or the host country can create an uncertainty and affect future planning for both students and financiers. For instance, changes in post-study work policies can impact the student's ability to repay loans.

- **Currency Risk**: Exchange rate fluctuations can affect the value of repayments, especially if loans are disbursed in one currency and repayments are made in another.

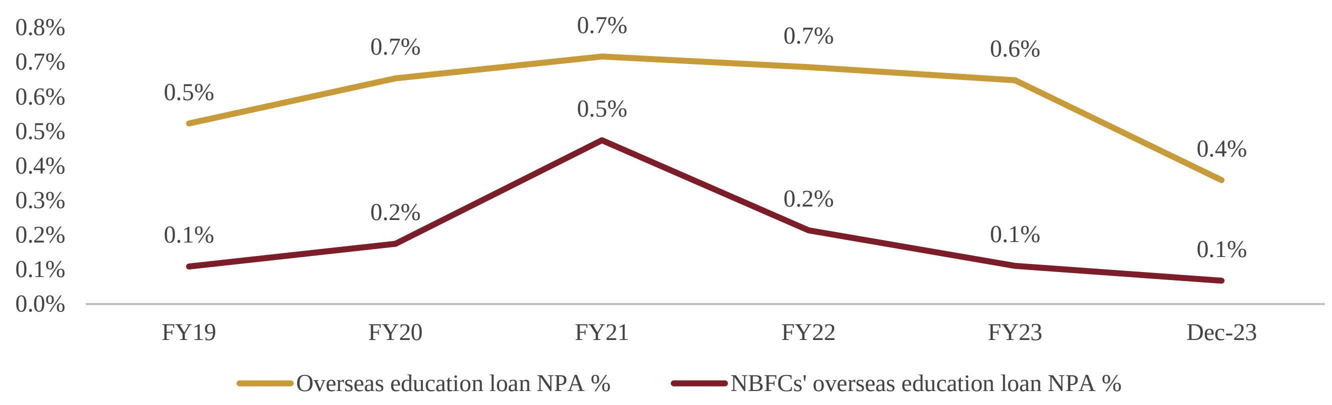
- **Economic Risk**: Economic downturns in the country of education can affect both the borrowers' ability to find employment and repay loans, and the financier's ability to collect loans.

Asset quality of overseas education loans steady

Despite high growth of overseas education loans, the asset quality in this asset class has remained benign so far, with low level of NPAs on account of the protective structural features underpinning these loans. Adequate risk classification of foreign universities (institute- and course-wise) and structured loan repayment terms have helped lenders to control NPAs.

For NBFCs, inherent structural features of the business model include compulsory co-borrower (a parent in most cases), focus on science, technology, engineering, and mathematics (STEM) courses that have better track record of employability, and structured repayment terms, with loans typically moving to full equated monthly instalment towards the end of the course and coinciding with job placement. These have supported the asset quality of the education loan portfolio of NBFCs so far, with the GNPA below 0.5% even during the peak of the pandemic.

Trend in GNPA of overall overseas education loans vs NBFCs overseas education loan



Source: CRIFHighMark, CRISIL MI&A

Borrower risk profile suggests lower probability of default in overseas education loans

In overseas education, the employment opportunity/placement of students is relatively better, which bolsters the economic profile of the student and, hence, the ability to repay the loan.

CRISIL MI&A estimates that a student typically earns Rs 0.8-1.0 million per annum after completing a graduate programme in India, However, upon completion of a post graduate course overseas, the earning potential rises 3-4 times, with these students potentially earning Rs 2.5-4.0 million. This has led to lower default rates among students studying abroad. Below table indicates the median wages of top three markets of the US, Canada and the UK:

Median wages in the US, Canada and the UK in CY2023

Country	Median wages (Rs)
US	4.0–4.5 million
Canada	3.5–4.0 million
UK	2.5–3.0 million

Source: US Bureau of Labour Statistics, Statistics Canada, Office for National Statistics, CRISIL MI&A

Owing to this, lenders are keen to pursue growth in the overseas education loan category, as the borrower risk profile is better, and the probability of default is very low in this category.

Some of the factors that contribute to the relatively low default rate in overseas education financing are:

- **Strong credit evaluation processes:** Financial institutions and loan providers often have stringent credit evaluation processes for international students, considering factors such as co-signers, collateral and repayment capacity, to minimise the risk of default

- **Aspirational students**: Overseas education loan borrowers are students aspiring to gain global exposure, higher salary and settle abroad

- **Parents/guardian are co-borrowers**: Students applying for overseas education loans need a co-borrower. The eligibility criteria for even the co-borrower have been put in place by lenders, such as the co-borrower should be an earning Indian citizen, parent or guardian of the student, and must have a bank account in India

- **Higher earning potential:** Graduates from reputable international institutions often command higher salaries, making it easier for them to repay their educational loans or debts

- **Stringent admission criteria:** Many overseas universities have a rigorous admission process, ensuring that students admitted are academically capable and motivated to succeed, reducing the risk of dropout or default

- **Career support services:** Foreign universities often provide robust career support services, including job placement assistance, internships and networking opportunities, which increase the graduate's employability and ability to repay their loans

- **International student support:** Many universities offer support services specifically tailored to international students, including financial counselling, part-time job opportunities and assistance with visa regulations, helping students effectively manage their finances

- **Customised financing options:** Students going abroad have the option to customize their education loans with flexible repayment options to meet their unique financial needs. Apart from education loans, they also have access to scholarships, grants and sponsorships, which reduces the likelihood of default due to financial constraints.

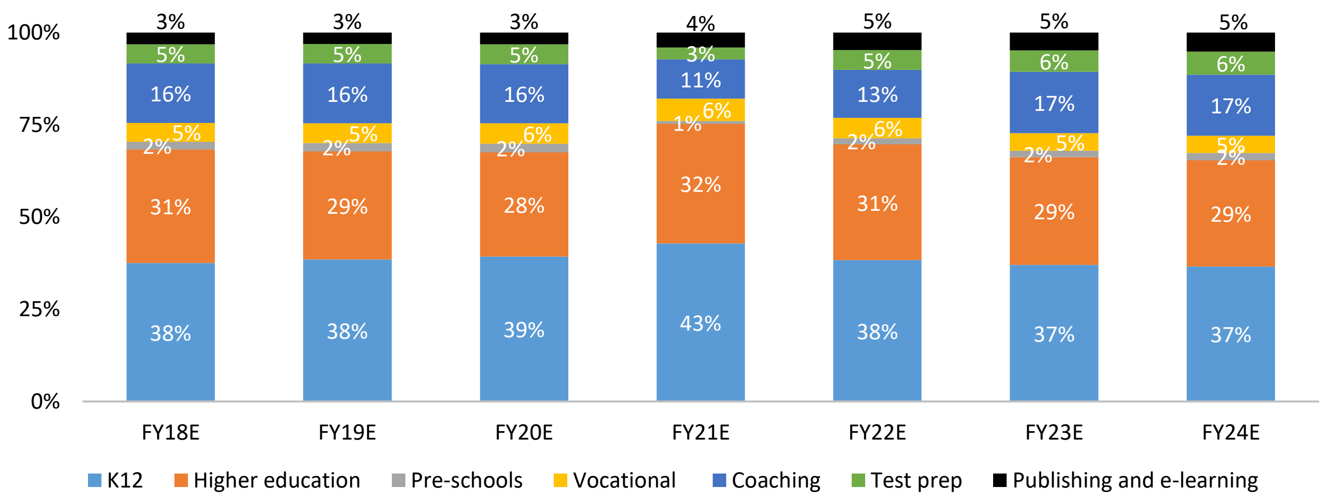
Overview of Overall Domestic Educational Services in India

Classification of domestic educational services

K-12 is the largest market in the Indian educational landscape and covers education from kindergarten to the 12th grade. The government offers aid to both public and private institutions to support education, while trusts, societies and other entities entirely oversee private institutions in the unaided sector. Higher education encompasses all courses offered after secondary school (grade 12), including traditional disciplines such as arts, science and commerce as well as professional fields such as engineering, management, medicine, teacher training, agriculture, polytechnics and research.

Coaching services cater to the demand for supplementary coaching in K-12 subjects, undergraduate and graduate programmes (collectively known as curriculum-based coaching) as well as preparation for competitive exams (referred to as test preparation coaching). The e-learning industry consists of companies offering multimedia content and digital tools to support education in schools (both public and private), colleges, training centres and for personal or corporate purposes. Vocational education involves providing industry-specific training to individuals in various fields such as nursing, medicine, retail, automotive, banking, financial services, information technology and information technology enabled services (IT-ITeS) and real estate. Publishing entails creating and promoting educational content, with some publishers also engaged in distribution activities.

Share of various categories over the past seven years



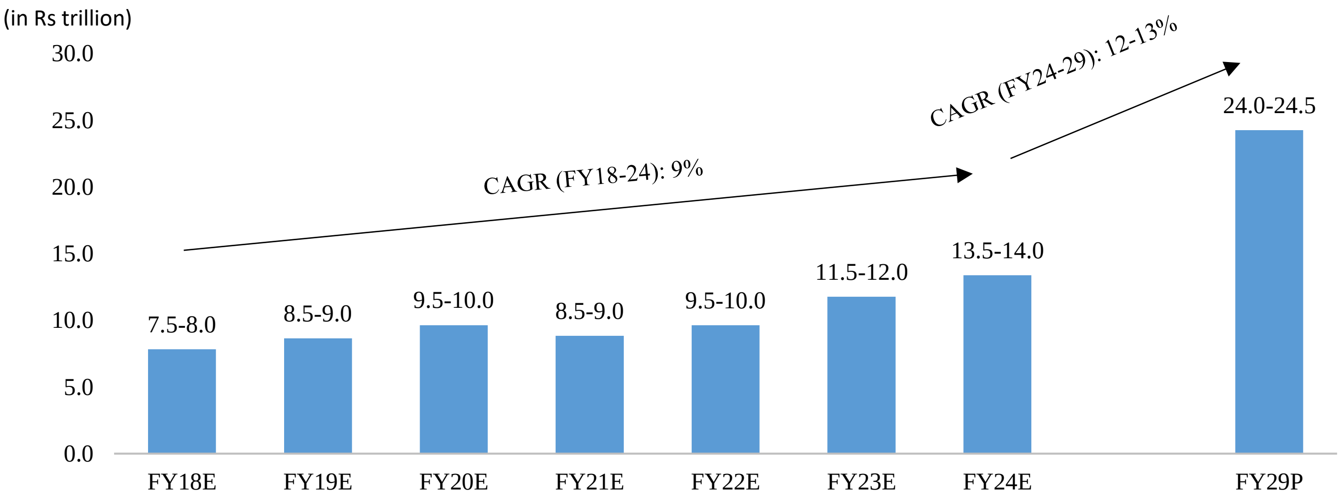
Source: UDISE+ reports, AISHE reports/data, AICTE, CRISIL MI&A

In the overall domestic educational services market, the formal sector, including K-12 and higher education, has consistently held a 65% share. Growth in the private unaided sector primarily drove the K-12 education market. However, informal sectors such as coaching, test preparation and E-learning have also evolved significantly due to technological advancements, rise of edtech companies and increased competition among students as well as institutions. Following the COVID-19 pandemic, coaching classes and test preparation services gained market share from formal education, while E-learning also experienced a surge in popularity. The market share of E-learning rose from 0.6% in fiscal 2018 to 3.0% in fiscal 2024, as educational platforms offered students extensive online and interactive learning resources during the pandemic. Additionally, government initiatives to provide free e-learning platforms such as Diksha, Swayam, and e-Pathshala also supported E-learning growth.

India's domestic education industry to grow at 12-13% over fiscals 2024-29

The Indian education sector was estimated at Rs 13.5-14.0 trillion in fiscal 2024. The industry is estimated to have grown at a compound annual growth rate (CAGR) of 9% over fiscals 2018 and 2024, and at 3-year CAGR of 15% between fiscals 2021 and 2024, primarily led by the formal category, owing to recovering demand after the pandemic. An increase in demand for coaching and test preparation and rise of edtech services also fuelled growth in fiscals 2023 and 2024. The education industry is expected to grow at a CAGR of 12-13% over fiscals 2024 to 2029, with its market size exceeding Rs 24.0 trillion led by strong demand from students, the projected rise in fees in both the formal and informal sectors, expansion of the e-learning market, increased demand for upskilling, growing interest in technology, increased household spending on education owing to rising disposable income, rising share of middle-class population and implementation of National Education Policy (NEP) 2020.

Domestic education market to cross Rs 24.0 trillion by fiscal 2029



Note: E: Estimated. P: Projected; Source: UDISE+ reports, AISHE reports/data, AICTE, CRISIL MI&A

Investments in the domestic education industry

India has one of the largest youth populations in the world that is fuelling the need for sustained investments in educational infrastructure and innovation. However, government expenditure is largely focused on maintenance of the existing infrastructure amid rising competition from global educational institutions, significantly limiting its ability to augment capacities. That said, private investments in the sector have been bolstered by the growing interest in e-learning, the emergence of edtech companies, improved infrastructure, and a supportive regulatory structure. Private equity (PE) investors and venture capitalists (VCs) have channelled significant funds into edtech firms offering E-learning and test preparation services. Moreover, the government's move to allow 100% foreign direct investment (FDI) in the education sector under automatic route and remove the need for prior approval from the Reserve Bank of India (RBI) or other government agencies has fuelled FDI inflows in the educational sector. According to the Department for Promotion of Industry and Internal Trade (DPIIT), India received a total FDI inflow of Rs 680.74 billion in the education sector from April 2020 to December 2023.

Some of the PE/VC investments in India's education sector

Investor	Year	Amount	Target company
HCL Group	2024	Rs 1.7 billion	Educational Initiatives (Ei)
GSV Ventures & WestBridge Capital	2022	Rs 7.8 billion	PhysicsWallah
UBS	2021	Rs 11.1 billion	Byjus
General Atlantic India	2020	Rs 14.4 billion	Byjus
Nord Anglia owned by Baring Private Equity Asia	2019	Rs 14.0 billion	Five Oakbridge K-12 schools
KKR	2019	Rs 14.8 billion	Lighthouse Learning (formerly Eurokids International)
Gaja Capital	2018	Rs 1.71 billion	Educational Initiatives (Ei)
Kaizen Private Equity	2018	Rs 2.5 billion	Toppr Technologies Pvt Ltd

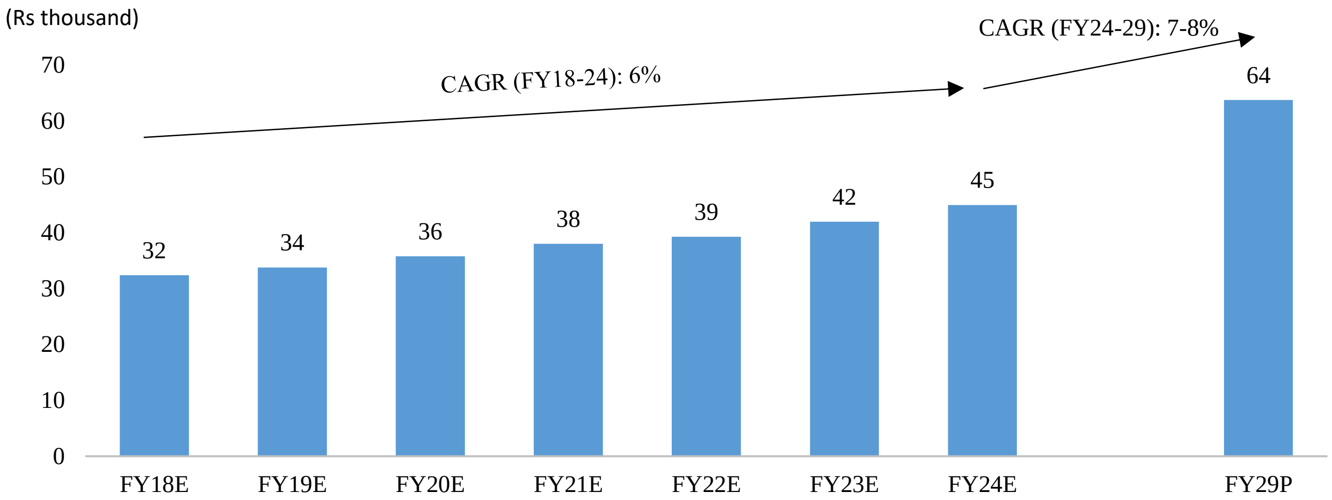
Note: For investment of $100 million by GSV Ventures & West Bridge Capital in PhysicsWallah in June 2022, a conversion rate of $1 = Rs 78 has been used. For investment of $150 million by UBS in April 2021, a conversion rate of $1 = Rs 74 has been used. For investment of $200 by General Atlantic India in Byjus in February 2020, a conversion rate of $1 = Rs 72 has been used; Source: Company reports, CRISIL MI&A

Investments are anticipated to surge further, driven by the country's rising need for improved educational services and proliferation of private players in an enabling regulatory environment. Further, the government's target to increase public expenditure on education to 6% of India's gross domestic product (GDP) under NEP 2020 will also support the sector.

Tuition costs continue to inch up in the domestic education market

Several factors such as educational infrastructure development, increasing demand for highly qualified faculty, rising faculty salaries, investments in technology to fund digital classrooms, e-learning resources and regulatory compliance to meet the accreditation standards of the National Assessment and Accreditation Council (NAAC) and various other quality assurance measures add up the capital costs of domestic educational institutions. Hence, tuition costs have been rising across India. These costs are also surging across the globe as colleges are increasingly investing in providing a wholesome educational experience to students and standing out among their international peers. Spending in colleges on amenities such as stadiums, gyms, cafeterias and healthcare centres has increased infrastructure and staff costs, thereby driving up the tuition fees for students.

Average tuition fee rose from ~Rs 32,000 in fiscal 2018 to more than Rs 45,000 in fiscal 2024



Note: E – estimated, P - projected. Domestic education tuition fees include weighted average tuition fees of K-12, higher education, pre-school, vocational, coaching, test-prep, publishing, and E-learning sectors; Source: University websites, CRISIL MI&A

Growth drivers of Indian domestic educational services

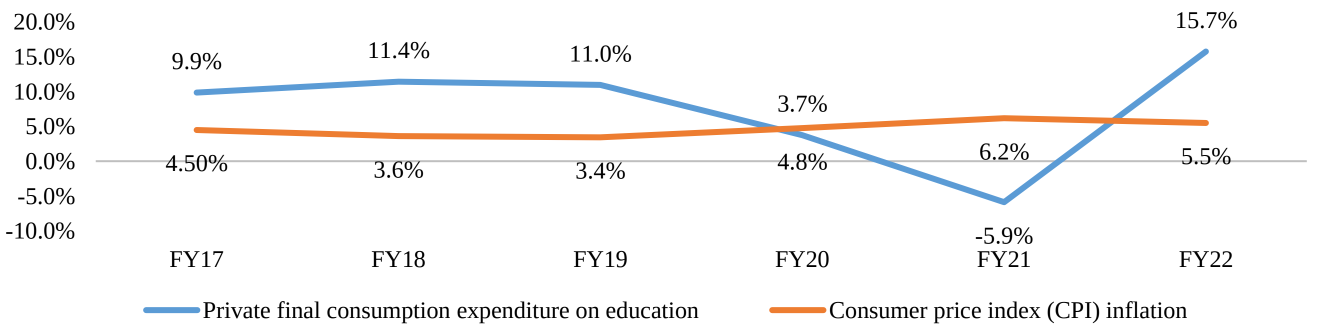
Rising middle-income household category

CRISIL MI&A forecasts India's middle-income households (also known as the Middle India category), with an annual income of Rs 0.2-1 million, will increase to 181 million by fiscal 2030 from 41 million in fiscal 2012, led by sustained growth in GDP and household income. CRISIL MI&A believes that access to information and basic necessities and internet penetration will fuel the aspirations of Middle India and will translate into increased spending on education.

Household spending on education to rise substantially

Rising disposable income would increase household spending in all categories, especially education. Indian households earmark a large portion of their monthly income to provide quality education to their children. The private final consumption expenditure on education rose at a 5-year CAGR of 6.9% over fiscals 2017-2022 and 3-year CAGR of 4.2% over fiscals 2019 to 2022, while Consumer Price Index (CPI) inflation clocked a 5-year CAGR of 4.7% and 3-year CAGR of 5.5%. Further, it grew robustly at 15.7% on-year in fiscal 2022, whereas average CPI inflation grew ~5.5%.

Rising private final consumption expenditure on education vs CPI Inflation



Source: The Ministry of Statistics and Programme Implementation (MoSPI), World Economic Outlook Database of April 2024 by International Monetary Fund

(IMF), CRISIL MI&A

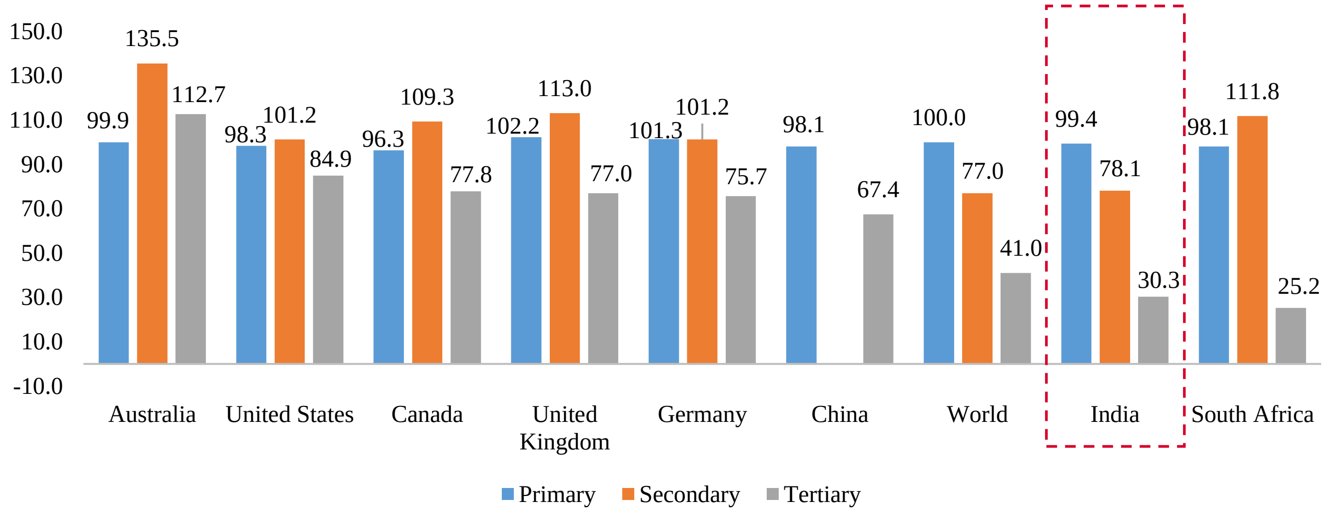
Demographic profile

As of 2023, India had one of the largest populations of youth in the world, with a median age of 28 years. CRISIL MI&A estimates that ~90% of Indians were below 60 years in 2021 and 63% were between 15 and 59 years. More than 38% of India's population was under the age of 19, indicating a massive demand for education at all levels. By 2025, India is expected to have the largest population in the age group of 15-29 years, i.e., ~367 million, accounting for ~26% of total population.

Lower gross enrolment ratio provides opportunity for growth and expansion

The United Nations Educational, Scientific and Cultural Organization (UNESCO) defines gross enrolment ratio (GER) as the total enrolment in a specific level of education, regardless of age, expressed as a percentage of the eligible official school-age population corresponding to the same level of education in a given school year. A GER below 100 means a gap in access to education, whereas a GER above 100 means inclusion of over-aged or under-aged students and grade repetition. As per the World Bank, India has a low GER compared with Australia, the US, Canada, the UK, China and South Africa. At the tertiary education level, India has a lower GER than most of the countries. This implies reduced participation of the Indian population in pursuing education compared with other countries.

India's GER vs peer countries (calendar year, CY, 2021)



Note: GER for secondary education in China is not available; Source: World Bank, CRISIL MI&A

GER in the K-12 market has typically remained higher in India, with GER of primary, upper primary, elementary and secondary education being 103%, 95%, 100% and 78%, respectively, as of fiscal 2022, reflecting better access to education at the primary level. GER of secondary and senior secondary schools is comparatively low at 80% and 58%, respectively, indicating dropout rates are higher after completing secondary education. GER of higher education, although increased from 24.6% in fiscal 2018 to 28.4% in fiscal 2022, remains very low, reflecting lack of access to higher education institutions (HEIs) and inadequate education infrastructure. However, a low GER in India signifies the vast population eligible for formal education, creating tremendous opportunities for industry players, including private players, the government and lenders offering education loans.

Trend in GER at K-12 and higher education levels between calendar years 2018 and 2022

Education level	Category	GER					Enrolments in 2021-22 (million)
		2017-18	2018-19	2019-20	2020-21	2021-22	
Primary	Primary schools	102.8	101.3	102.7	103.3	103.4	121.8
	Upper primary schools	88.3	87.7	89.7	92.2	94.7	66.8
	Elementary schools	93.0	96.1	97.8	99.1	100.1	188.6
Secondary	Secondary schools	79.4	76.9	77.9	79.8	79.6	38.5
	Sr. secondary schools	56.5	50.1	51.4	53.8	57.6	28.6
Tertiary	Higher education	24.6	24.9	25.6	27.3	28.4	25.8
Average GER of all categories		**88.5**	**88.6**	**90.1**	**91.3**	**92.0**	**470.2**

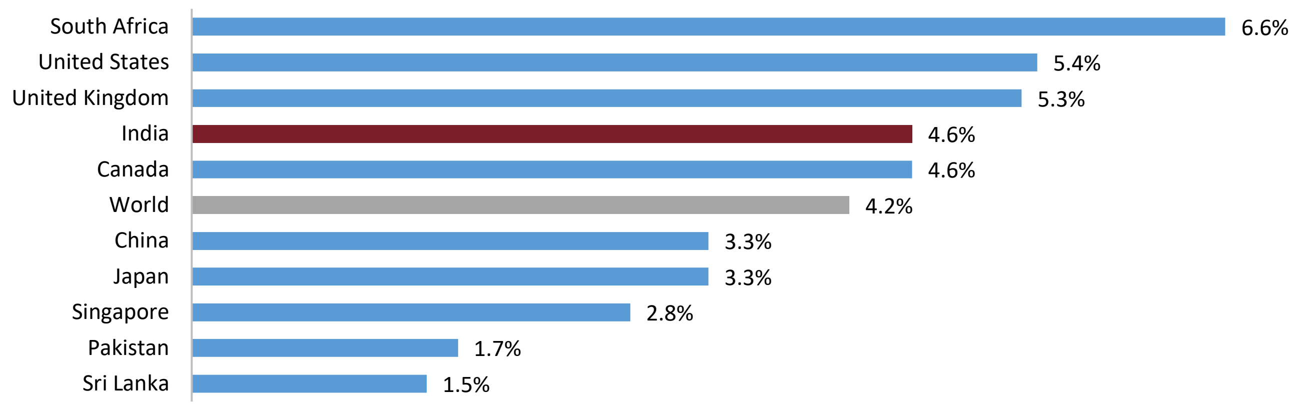
Note: Average GER at an overall level is calculated as subproduct of GER and enrolment across primary, secondary and tertiary education levels
Source: UDISE+ Report 2021-22, Ministry of Education; Economic Survey 2022-23, Ministry of Finance, CRISIL MI&A

India, with its low GER and as the world's most populous, offers significant growth opportunity for its education industry. Achieving the goal of 100% GER in school education by 2030 and 50% GER in higher education by 2035, as envisaged in India's National Education Policy (NEP) of 2020, calls for substantial public and private investments in educational services and infrastructure. Further, a low GER also creates an opportunity for market participants to reduce dropout rates by improving the quality of education, building and enhancing education infrastructure, and addressing socio-economic disparities. The government also needs to implement effective policies and reforms to address the issue.

Government expenditure on education to drive further growth in Indian education market

The education sector is a good proxy for a country's economic growth as well as its social transformation. Expenditure for education is seen more as an investment for the future. India's expenditure on education as a percentage of GDP was 3.9-4.6% between CY2014 and CY2021, above the world average of 4.2%.

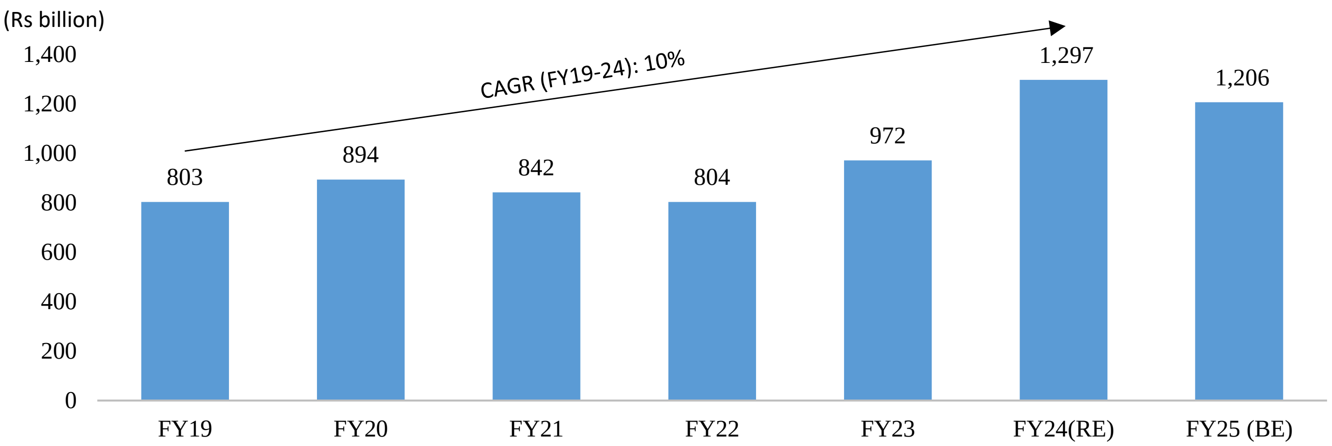
Public education expenditure (as a percentage of GDP) on par with the rest of the world (CY21)



Source: World Bank, CRISIL MI&A

The Ministry of Education (MoE)'s expenditure on education increased at a 5-year CAGR of 10% over fiscals 2019-24 and 3-year CAGR of 15.5% over fiscals 2021 and 2024. K-12 continues to dominate the ministry's budget allocation for education with a share of more than 60%. The MoE allocated ~Rs 730.08 billion for K-12 education and ~Rs 476.20 billion for higher education in Interim Budget 2024-25. For the Indian economy to grow at a higher rate on a sustainable basis, it is imperative for the government to invest in the health and education of its young population, primarily through budgeted expenditure.

MoE's education expenditure clocked a 10% CAGR between fiscals 2019 and 2024



Note: RE: Revised estimate, BE: Budgeted estimate; Above data includes both state and central government expenditure.
Source: Ministry of Human Resource Development, Government of India

Despite reasonable spending, public education expenditure has been inadequate to generate the desired outcomes. While the ensuing growth in adult literacy levels in India during CY2014-CY2022 (69.3-76.3%) has been inadequate to bring the literacy levels closer to the world average of 87%, the rising trend in literacy rate indicates significant potential in the education sector.

NEP 2020 to transform the Indian education market

The NEP, announced by the government in 2020, aims to bring about a substantial transformation in education and make India a global knowledge superpower. It further aims to provide high-quality education to everyone through a system entrenched in Indian philosophy that directly contributes to transforming India into an equitable and vibrant knowledge society over time.

Impact on domestic education market

- **Restructuring of school education**: The implementation of NEP in 2020, introduced a new four-stage structure to ensure a strong base of early childhood care and education (ECCE) and better development of a student
- **PM SHRI**: The PM Schools for Rising India (PM SHRI) initiative was taken under NEP 2020 for developing 14,500

PM SHRI schools, managed by the government or local bodies. This scheme is to be implemented over five years (fiscals 2023-27). A total of 6,448 schools were covered in the first phase of this scheme.

- **NIPUN Bharat**: In 2021, the Department of School Education and Literacy, MoE, launched the National Initiative for Proficiency in Reading with Understanding and Numeracy (NIPUN Bharat) scheme, to achieve the NEP 2020 objective of providing foundational literacy and numeracy to every student by the end of grade 3, by 2026-27.

- **NDEAR**: To facilitate achieving the goals set up by NEP 2020, the MoE launched the National Digital Education Architecture (NDEAR) in 2021, aimed at creating digital infrastructure for the education ecosystem. The government has launched various projects under this initiative, such as **Digital Infrastructure for Knowledge Sharing (DIKSHA)**, which provides multiple E-learning assets for students.

- **Vidya Samiksha Kendra (VSK):** A comprehensive system developed for all stakeholders in the education industry to facilitate visibility of aggregate data of various schemes under NEP 2020 through centralised and localised dashboards to help stakeholders in leveraging updated data and taking informed action in the education ecosystem.

- **Vidyanjali 2.0:** To promote the involvement of community and the philanthropic sector in achieving the goals of NEP 2020, the MoE launched the Vidyanjali initiative in 2021 aimed at connecting schools with young professionals, retired teachers and government officials, NGOs, corporates, public & private companies, etc.

- **ITEP**: The Integrated Teacher Education Progamme (ITEP) aims to prepare teachers for the new four-stage school structure: foundational, preparatory, middle and secondary, wherein all the students who want to opt for teaching as a career after secondary education can avail the course.

- **Entry and exit options**: Under NEP 2020, the University Grants Commission (UGC) provided guidelines for multiple entry and exit options in education programmes offered by HEIs to create new opportunities for students to choose a subject of their own choice and provide flexibility to students in learning and choosing their own academic pathway. This has helped the government in curbing the dropout rates of students and, thereby, improving the GER.

- **Transformation of HEIs into large multidisciplinary universities:** NEP 2020 focus on moving towards a higher education system consisting of large multidisciplinary institutions offering both undergraduate and post-graduate courses in various fields with high-quality teaching and research facilities. The policy further provides for establishment of such multidisciplinary HEIs in underserved regions, ensuring accessibility, equity and inclusion.

Impact on overseas education market

- **'Internationalisation' of education:** NEP 2020 emphasises internationalisation of education by making the Indian education system more self-reliant and compliant with the global education standards and norms. It focuses on collaborations with foreign universities, student exchange programmes with high-quality foreign institutions, and mutually beneficial memorandums of understanding (MoUs) or agreements with foreign countries for educational purposes. This would improve the ratings of Indian universities, as well as the standing of the Indian education system at the global level. With enhanced recognition of the Indian education system, students of India will become more acceptable at foreign universities, improving the accessibility to foreign universities for Indian students will also increase. NEP also provides for facilitating the entry of high-performing foreign universities in the world into India by way of establishing a legislative framework. In this context, the UGC notified guidelines in November 2023 for setting up foreign university campuses in India. To be eligible for setting up a campus in India, the foreign HEI must be ranked among the top 500 universities in the world or in a specified subject according to a list approved by UGC.

- **Academic collaboration between Indian and foreign higher educational institutions:** In May 2022, the UGC published regulations on academic collaboration between Indian and foreign higher educational institutions to offer twinning, joint degree and dual degree programmes. The regulations provide for internationalisation of education, global exposure to students, multi-disciplinary education with a relevant foreign curriculum, enhanced employability in foreign countries, and improving the standing of Indian universities.

- **MOU on mutual recognition of qualifications with Australia and the UK:** In March 2023, a framework mechanism for mutual recognition of qualifications was signed between India and Australia to enable ease of mobility of students and professionals between the two countries. The said MoU will facilitate Indian students to study in Australian universities and avail joint/dual degrees envisaged under NEP 2020. In July 2022, India and the UK signed an MoU for mutual recognition of each other's higher educational qualifications, thereby promoting mobility of students between the two countries. With the aforementioned MoUs in place, India is in a better position to enter into similar agreements with other countries, thus increasing the accessibility of Indian students to pursue education abroad.

Increased demand for upskilling to remain relevant and productive

With increased usage of advanced technology such as machine learning (ML) and artificial intelligence (AI), and a gradual replacement of traditional jobs with more sophisticated ones, demand for upskilling is on the rise as professionals are required to stay in line with latest industry trends and be future-ready. With India being one of the fastest-growing economies in the world, it would need to continuously invest in upskilling its population. To drive further growth in training and skill development, the Government of India has taken several initiatives, including:

Scheme	Implication
National Apprenticeship Promotion Scheme 2 (NAPS 2):	Scheme launched to develop a skilled workforce, provide upskilling opportunities to candidates who have undergone training under any central/state government scheme, and provide partial stipend support to apprentices
Pradhan Mantri Kaushal Vikas Yojana (PMKVY):	Launched by the Ministry of Skill Development and Entrepreneurship (MSDE) to provide Indian youth with access to industry-relevant skill training
Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY):	Skill training and placement programme launched by the Ministry of Rural Development (MoRD) that provides industry-relevant skill training, placement assistance, post-placement support, career progression support, and incentives for higher placement to rural youth aged 15 to 35 years
Pradhan Mantri YUVA Yojana (PM YUVA):	This scheme facilitates entrepreneurship training and education in Industrial Training Institutes (ITIs), National Skill Training Institutes (NSTIs), Pradhan Mantri Kaushal Kendra Training Centres (PMKKs), polytechnics and Jan Shikshan Sansthan (JSS) to create an ecosystem for entrepreneurship development

Rapid growth in e-learning led by government initiatives

The Indian government is committed to providing education and learning opportunities to all citizens, regardless of their geographical location, including remote areas of the country. To fulfil its commitments to education for all under NEP 2020, the government has been establishing a robust digital infrastructure capable of seamlessly facilitating online learning for all. Some of the initiatives taken by the government to promote E-learning in India are as follows:

Scheme	Implication
Study Webs of Active Learning for Young Aspiring Minds (SWAYAM)	A free of cost online learning programme launched by the government to achieve access, equity and quality in learning for all
National Digital Library of India (NDLI)	A virtual repository of E-learning resources sponsored by the Ministry of Education, with resources such as e-books, video lectures, presentations, simulations and question papers in 10 well-known languages of India. It also provides services such as exam preparation for students and job aspirants from the primary to post-graduate levels
ePathshala	It is an online portal as well as a mobile app that provides students and teachers with access to e-learning resources, exhibitions, festivals, contests and workshops. It also provides educators and parents with curricular documents and learning outcomes
National Programme on Technology Enhanced Learning (NPTEL):	It is an online learning initiative by Indian Institute of Technology (IIT) and Indian Institute of Science (IISc), funded by the Ministry of Education. The platform provides online courses and lectures in various streams such as engineering, science, management and humanities

The market for online education is expected to expand quickly due to advancements in network infrastructure, higher penetration, lower mobile data tariffs and the proliferation of low-cost data handsets. Moreover, emerging technologies such as ML, AI, virtual reality and robotics have uncovered several opportunities in the education industry and have impacted all stakeholders. The penetration of e-learning services in India is set to deepen with schools seeking competitive advantage and new product offerings. Increasing demand for e-learning has led to significant growth in India's edtech industry as well, particularly after the Covid-19 pandemic. Factors such as rising internet and smartphone penetration, increase in data consumption, and demand for a young skilled workforce are driving the growth of edtech companies.

Players in the test preparatory space have also introduced digital products such as recorded content, with some institutes also introducing live/online classroom courses to enable live interactive sessions that can be accessed remotely. The digital medium can help coaching institutes expand their geographical reach and enhance the share of e-learning in the test preparatory space, which is growing at a robust pace.

CRISIL believes demand for online learning has surged due to the following:

- Online courses are more affordable than traditional classes, enabling students across economic backgrounds to access knowledge at reduced costs
- E-learning platforms provide a large variety of courses, including several unconventional or offbeat courses otherwise not available in traditional settings. This enables students to choose unique course aligned with their interests

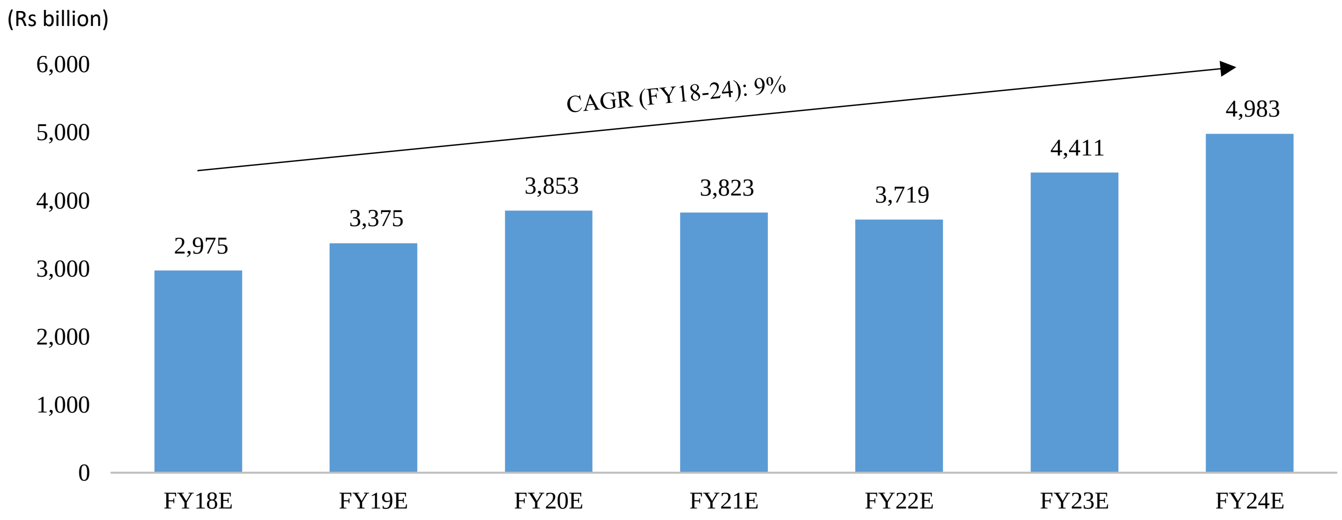
- Employees are leveraging online degrees and certifications to advance their careers and stay up to date with the latest industry trends and technologies
- Digital platforms enable teachers to deliver lectures in the most efficient and unique ways by using digital tools such as images, videos, podcasts and presentations
- Students can attend online classes or courses at their preferred time
- Personalised learning is gaining popularity in e-learning as it enables students to modify educational content, curriculum and teaching methods as per their requirements, goals and learning styles. Personalised learning leads to increased student engagement and improved learning outcomes
- Other benefits of online learning include better collaboration with domestic and foreign peers, effective virtual communication, development of new technical skills, access to global learning platforms and immediate feedback

Assessment of India's K-12 education market

K-12 market holds the largest share in India's education industry

India's education industry (household expenditure on education) is estimated at Rs 13.5-14.0 trillion for fiscal 2024, with the formal K-12 market cornering the largest share of 37%. Growth in the K-12 market was due to rising enrolments, increasing government expenditure on education, policy initiatives by the government, and adoption of technology by schools. Private unaided schools led the growth in the K-12 market. In fiscals 2021 and 2022, on-year growth in the K-12 market due to the shutdown of schools during the Covid-19 pandemic and a decrease in enrolments in private schools. Moreover, since the pandemic, students are increasingly opting for coaching, test preparation and e-learning. Due to rising demand for informal sectors in the education industry, the K-12 market's share declined from 43% in fiscal 2021 to 37% in fiscal 2024 wherein the share has moderated to pre-Covid levels of ~38% in fiscal 2018 and fiscal 2019.

K-12 market growth accelerated in fiscals 2023 and 2024 after muted growth during pandemic



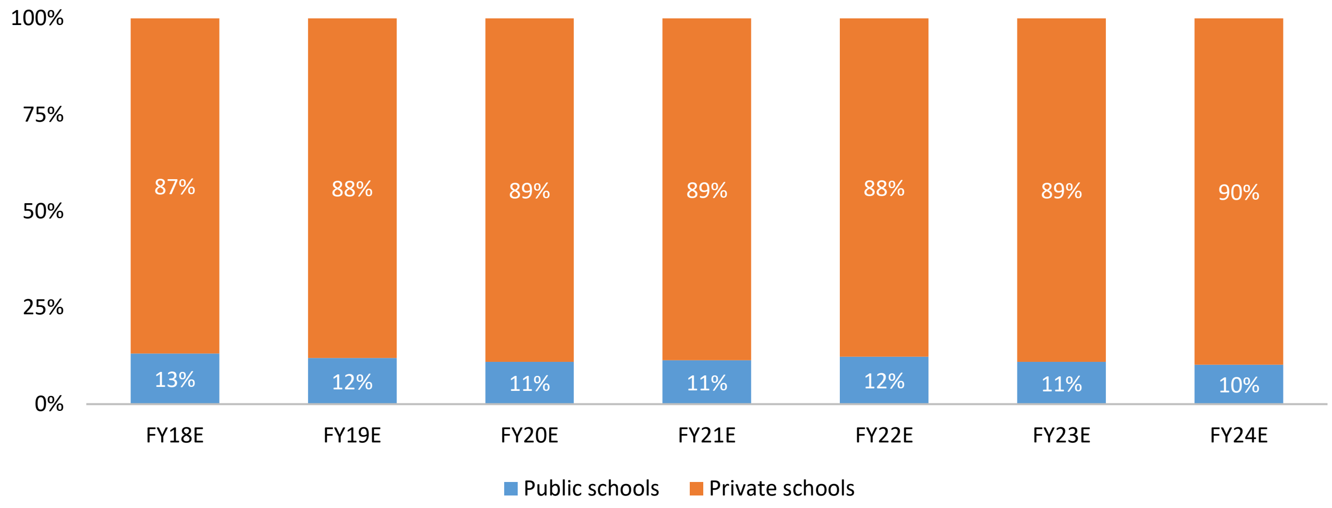
Note: E – estimated; Source: UDISE+ reports, AISHE reports/data, AICTE, CRISIL MI&A

Growth in K-12 market driven by private unaided sector

The K-12 market comprises private aided and unaided, and public/government sector for estimation of market size and growth prospects. While the government provides support to the public and private aided sectors in the form of financial and non-financial aid, the private unaided sector is run and managed wholly by trusts/societies and private entities. The K-12 market is estimated at Rs 5.0-5.2 trillion for fiscal 2024, up 13-14% on-year driven by the private unaided schools.

Private schools typically have a good liquidity position. Public sector schools, typically serving students from households with limited financial resources are managed by state governments working with local bodies. Public schools' sluggish capacity expansion has led to a surge in enrolment in private schools, particularly at the primary level. This growth in private sector schools is also supported by growing awareness and the desire for high-quality education among households in the middle class and above. With increasing demand for private schools, and the corresponding investment by the private sector in new K-12 establishments, private unaided schools will continue to drive growth of India's K-12 market.

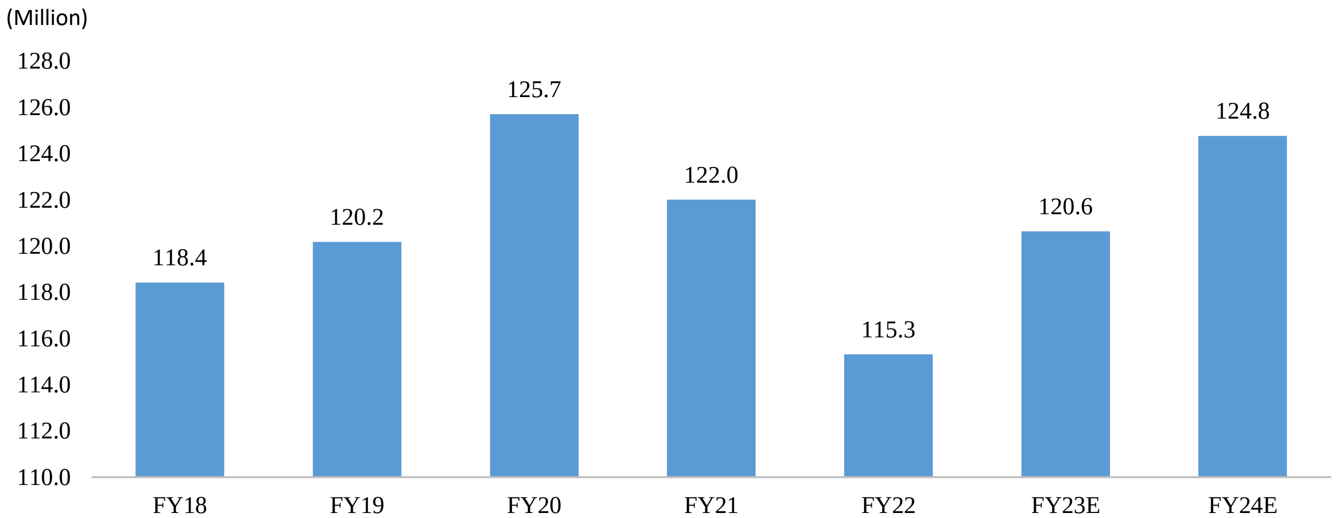
Private sector constituted 90% of India's K-12 market as of fiscal 2024



Note: E – estimated; Source: UDISE+ reports, AISHE reports/data, AICTE, CRISIL MI&A

Private schools in India witnessed growth in the number of enrolments between fiscals 2018 and 2024 owing to growing demand for high-quality education among the middle-income population. The number of private enrolments increased from 118.4 million in fiscal 2018 to 125.7 million in fiscal 2020. However, during the Covid-19 pandemic, private schools bore the brunt of lockdowns, with many either suspending operations or closing entirely. The number of private schools reduced from 3,37,499 in fiscal 2020 to 3,35,726 in fiscal 2022, due to which private enrolments also declined from 125.7 million to 115.3 million. In fiscals 2023 and 2024, private enrolments bounced back due to increased demand for private schools offering new-age technology such as smart classes and E-learning resources, advanced teaching methods, a variety of courses, and an advanced curriculum to prepare students for the future. The rising trend of private enrolment is expected to continue in the long term.

Private enrolment increased after temporary degrowth due to pandemic



Note: E – estimated; Source: UDISE+ reports, CRISIL MI&A

Domestic Higher Education Market in India

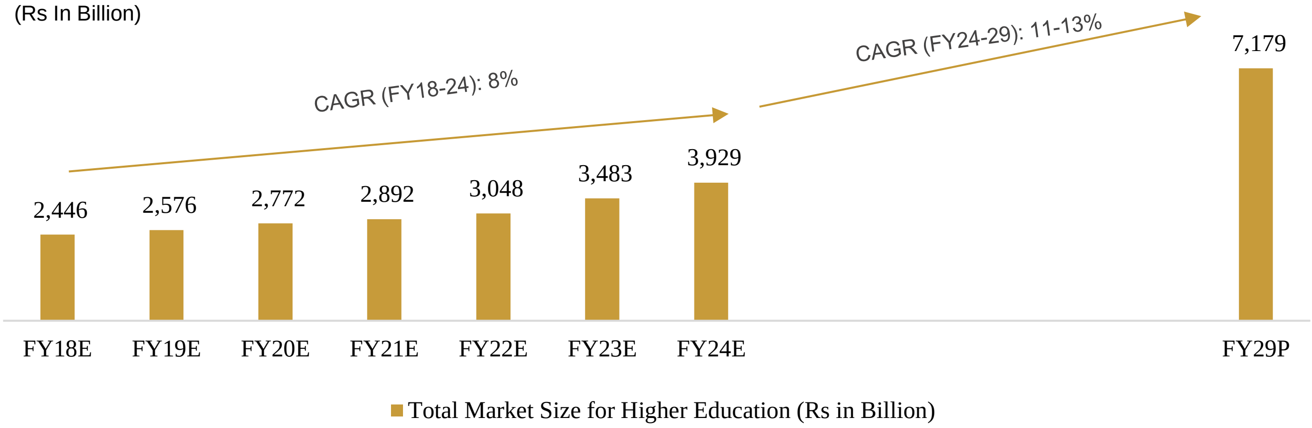
Domestic higher education market in India is expected to grow at 11-13% between fiscals 2024 and 2029

The definition of higher education includes all courses offered post the higher secondary level (standard XII), and comprises conventional courses across streams such as arts, commerce, science, and professional courses such as engineering, technology, management, law etc. It also comprises medical courses and specialised courses in agriculture, social sciences, design etc. The Domestic higher education market is estimated to be worth Rs 3.9 trillion as at end of fiscal year 2024. Between fiscals 2018 to 2024 the market is estimated to have grown at CAGR of 8% and a 3-year CAGR of 11% between fiscal 2021 and 2024 (while the overall domestic education market is estimated to have grown at a CAGR of 9% between fiscal 2018 and 2024, and a 3-year CAGR of 15% between fiscals 2021 and 2024).

However, CRISIL believes that concerted efforts from the supply-side (including private players, government, financial institutions etc.) to achieve the National Education Policy's objective of reaching 50% GER by 2035, will lead to a higher education enrolment rate going forward and drive market expansion. CRISIL projects the higher education market to grow at a CAGR of 11-13% between fiscal 2024 to 2029. Some of the demand side factors that would support the growth in higher education market include **demographic profile, government policies, rising aspirations** - Growing aspiration among Indian youth for pursuing higher education to improve career prospects, socio-economic status and quality of life

- **Industry-Academia Collaboration -** Increasing collaboration between academia and industry leads to the development of industry-relevant curriculum, internships, and research projects, enhancing the employability of graduates and attracting more students to pursue higher education

Domestic higher education market in India is estimated to cross ~Rs. 7.0 trillion by fiscal 2029



Note: E: Estimated, P: Projected; Source: National Statistical Office (75th survey), AISHE, AICTE, CRISIL MI&A

Higher education enrolments saw muted growth on account of the pandemic; estimated to see higher growth in future

India, with an estimated 41.1 million enrolments in higher education (as per AISHE and AICTE) as of fiscal 2024, has seen modest growth in higher education enrolment partly on account of the pandemic, due to which the market saw lower-than-expected growth during the fiscals 2021 and 2022.

The number of students enrolled in traditional bachelor's and master's degrees (arts, science and commerce) is estimated to have increased at ~4% CAGR from fiscal 2018 to fiscal 2024 and a 3-year CAGR of ~5% between fiscals 2021 and 2024, accounting for 58% of the share of overall enrolments in fiscal 2024. Lower fees and easier admission (absence of competitive tests), as compared to the technical courses (medicine, engineering, law etc.) have majorly driven growth in these educational streams. Among the courses, engineering and medical graduates account for a large portion of the employable population. Enrolment in the medical science discipline grew the highest with an estimated CAGR ~12% between fiscal 2018 to 2024 (and a 3-year of 12% between fiscal 2021 and 2024) due to increased demand brought on by the pandemic and the course's financial viability.

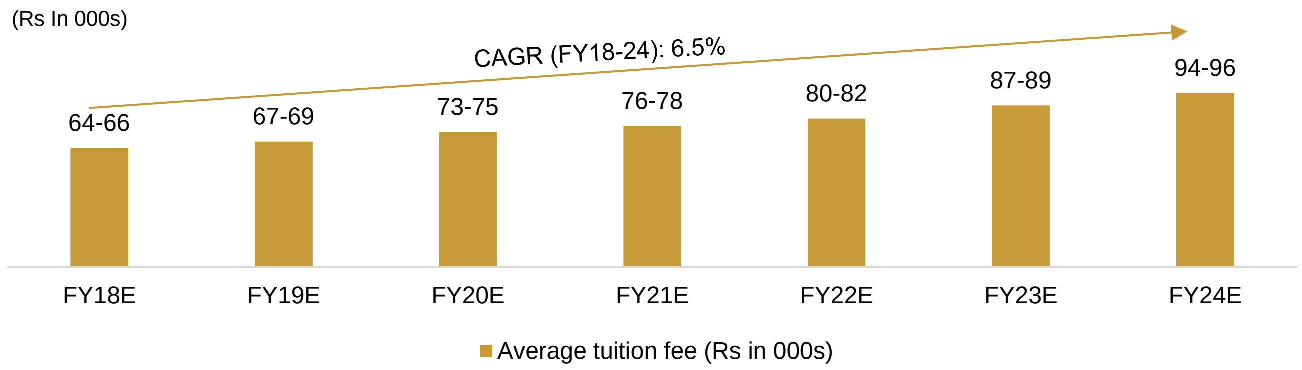
Indian Higher Education market holds immense untapped potential

Although globally, India has among the highest number of higher education institutes (between 55,000 and 60,000 in fiscal 2022), the GERs in higher education are significantly low, with fiscal 2022 recording 28.4%. K–12 enrolment data, where the GER of secondary and senior secondary schools stand at 80% and 58% respectively, indicate that dropout rates are higher after completing secondary education, consequently bringing down the potential pool of candidates for higher education enrolment as well. The country's education system suffers from inadequate education infrastructure, a shortage of skilled and quality faculty, unfilled faculty positions and outdated curricula. However, these factors present a lucrative opportunity for significant expansion in this sector, providing stakeholders with the chance to capitalize on in the future. This may include fostering competition to establish higher education institutions, implementing crucial government initiatives, facilitating private sector involvement through investments, and providing education loans and infrastructure financing. CRISIL believes that bridging this significant demand-supply gap in higher education due to the growing young population and limited capacity in public & private institutions is pertinent. Going forward, CRISIL expects higher education enrolments to see a higher growth as compared to the past, by clocking a CAGR of ~5-7% between fiscal 2024 and fiscal 2029 to reach ~52.1 million at the end of fiscal 2029.

Average tuition fee incurred in domestic higher education market expected to reach Rs 136,000-138,000 by fiscal 2029

The average annual tuition fee incurred per student for pursuing a higher education course in India is estimated at ~Rs 95,000 as of fiscal year 2023-24, having seen a CAGR between fiscal 2018 and fiscal 2024 to the extent of 6.5%, (surpassing average growth in CPI historically during the same period) and a 3-year CAGR of ~7.3% between fiscals 2021 and 2024. Going forward, the average tuition fee for domestic higher education in India is expected to see a steady increase of 7-8% CAGR from fiscal 2024 to fiscal 2029, reaching ~Rs 136,000-138,000 per student on an annual basis.

Average tuition fee incurred annually per student ranges between Rs 94,000 and Rs 96,000 as of fiscal 2024



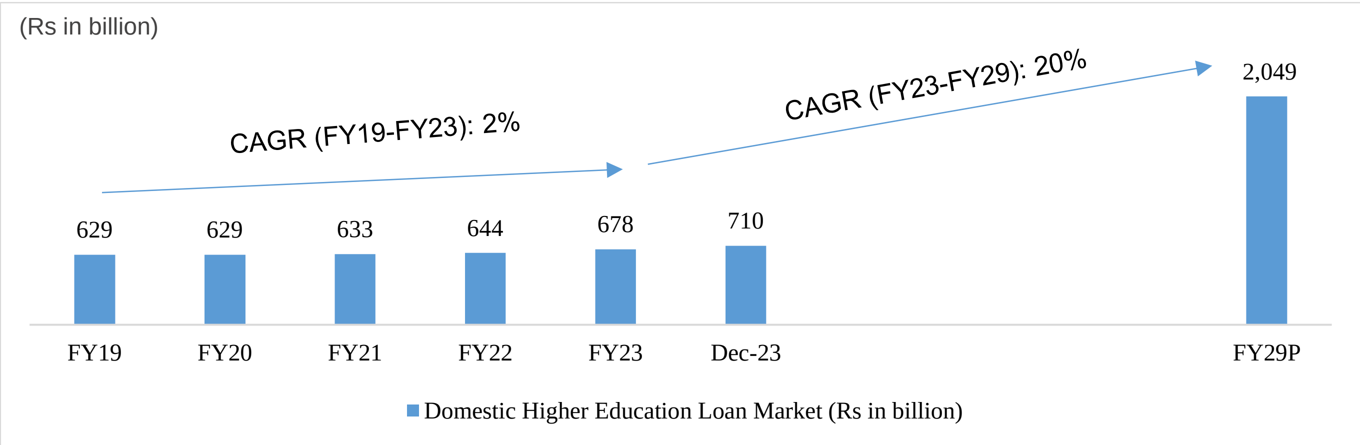
Note: E: Estimated; P: Projected; Figures include UG and Ph.D., M.Phil. & Post Graduate Level; Higher education tuition fees include weighted average tuition fees of Medical, Engineering, Management, Arts, Science and Commerce and others (Social Science, Law, Education, Agriculture, Home Science, Physical Education, Journalism and Mass Communication etc.); Source: National Statistical Office (75th survey), AISHE, College/University websites, Industry, CRISIL MI&A estimates

The average cost of attendance (including tuition fee, boarding fees of the university or college) is estimated to range at ~Rs 116,000-118,000 as of fiscal 2024 and is projected to reach ~Rs 168,000-170,000 by fiscal 2029 with the hike in hostel fees estimated to have remained range bound. Further, at a Pan India level, the tuition fee varies significantly between Public and Private Universities. The average annual tuition fee incurred per person at a private institution (aided or unaided) is estimated at Rs 130,000 – Rs 140,000, while it is estimated at Rs 75,000 – Rs 80,000 at a public institution for the fiscal year 2023-24.

Domestic Higher Education Loan Portfolio is expected to see higher growth

The domestic higher education financing market clocked a CAGR of ~2% between fiscal 2019 and fiscal 2023 (3-year CAGR of ~3% between fiscals 2020 and 2023) to reach Rs. 678 billion at the end of fiscal 2023. There was an increase in demand post the pandemic with outstanding loans in this portfolio seeing a 5% increase on-year reaching Rs 678 billion in fiscal 2023 from Rs 644 billion in fiscal 2022. Going forward, the higher education loan portfolio is expected to cross Rs. 2 trillion during fiscal 2029, growing at a CAGR of ~20% between fiscal 2023 and fiscal 2029. Driven by factors including – the significant increase in tuition fee, which has historically been trending over and above the rate of consumer price inflation, increasing student enrolments due to rising demand for pursuing higher education, increasing number of education-focused financiers entering this space along with the flexibility offered by such financiers in terms of moratorium/repayment schedule as well as their willingness to offer financing for off-beat courses are expected to drive growth in the domestic higher education loan portfolio.

Domestic higher education loan portfolio to see higher growth from Fiscal 2023 to Fiscal 2029



Note: P: Projected; Loans with a ticket size of less than Rs 1.5 million and 5% of loans with a ticket size of above Rs 1.5 million have been categorized as domestic higher education loans; Source: CRIFHighMark, CRISIL MI&A

Financiers to leverage the underpenetrated domestic higher education loan market

The domestic higher education loan market has low finance penetration estimated at ~18% as of fiscal 2024. This is primarily due to the limited number of players in the market offering specialized models for education loans, especially within the NBFC market. Additionally, a large portion of the population, including those from low-income and middle-income groups, are not adequately served by existing loan providers. This situation presents significant potential for lenders in the industry to capitalize on the existing market gap. Going forward, CRISIL MI&A expects the finance penetration rates to see a steady increase reaching 21-23% by fiscal 2029. Factors enabling this growth are attributed to the increasing demand for higher education, rate hikes in tuition fees and increasing presence of education-focused lenders to capitalise on the underpenetrated market.

Availing loans to fund domestic higher education needs is expected to gain traction primarily owing to fee hikes

On funding their higher education, students with the financial capacity could opt to self-fund their education by fully or partially liquidating investments, borrowing from friends or relatives, or availing scholarships from institutions etc. The other option pertains to availing financing from institutions through education loans. Additionally, several banks and financial institutions also extend other forms of credit such as personal loans, loans against gold, loans against property, etc. to support students seeking education loans expanding the financing opportunities for lenders. Further, with the ticket sizes for education loans of up to Rs 1.0-1.5 million (max up to Rs. 2.0 million) falling under the ambit of priority sector lending, banks play a large part in providing financing for domestic education.

CRISIL estimates that ~0.6-0.8% of the total students enrolled in domestic higher education have availed financing as of fiscal 2024 – which indicates that this is a severely underpenetrated market. Propelled by several factors including - the significant increase in fee hikes (education inflation historically trending over and above the rate of consumer price inflation) seen across courses over the years, flexibility offered by financiers in terms of moratorium/repayment schedule and willingness to finance towards off-beat courses etc., it is estimated that the share of availing financing for higher education loans would gain more traction in the coming years with more students opting to avail formal financing from lenders to pursue their higher education thereby reducing the share of self-funding higher education which would decline going forward.

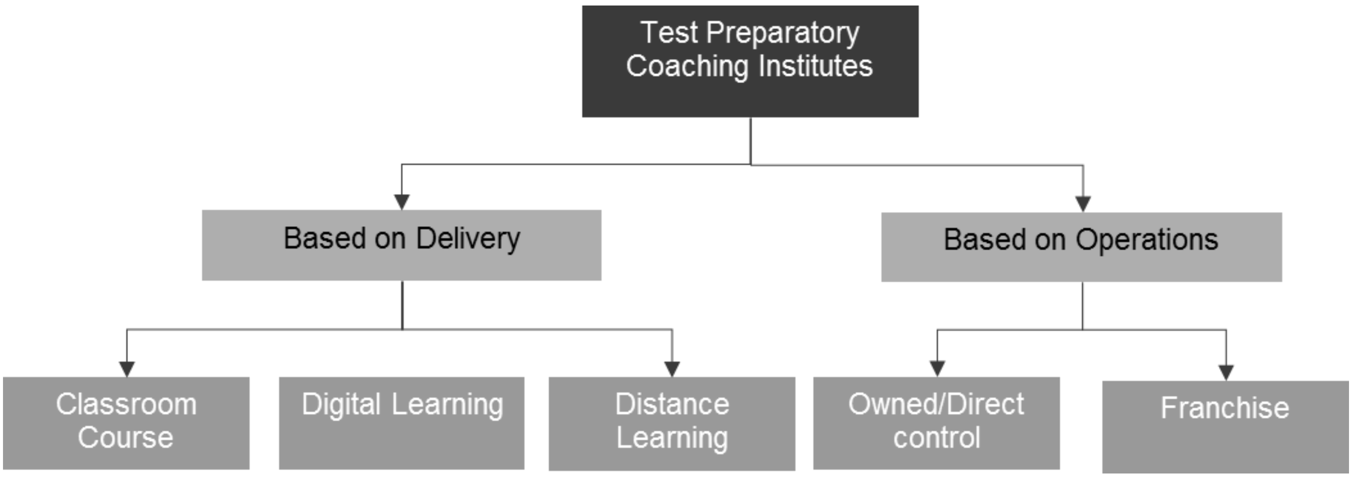
Overview of Test Preparation Market in India

Test Preparation market expected to grow at 13% CAGR between Fiscals 2024 and 2028

The test preparation market in India is highly competitive and diverse, catering to various exams such as engineering (e.g., Joint Entrance Examination or 'JEE' such as JEE Main and JEE Advanced), medical ((National Eligibility cum Entrance Test or 'NEET'), management (Common Admission Test or 'CAT'), civil services (Union Public Service Commission or 'UPSC'), banking, and more. It includes offline coaching institutes, online platforms, self-study materials, and mobile apps. The industry has seen evolution from introducing various traditional methods such as practice papers, crash courses, class curricula, and mock tests to advance solutions like online tutoring, video-based lectures, exam/test analytics, etc. The industry is expected to stay robust in terms of growth and consequently investments, fuelled by the increasing number of students aspiring for competitive exams, rising internet penetration, and the growing demand for quality education.

The rising awareness about potential employability of certain programs or streams of education has been increasing the competition as well. Along with this, the efforts at various levels of government bodies to increase enrolment at least tertiary level of education i.e., bachelor's degree seen have seen positive results year on year in terms of interest in higher education. The combined effect of these forces has led to a continuous growth of the test preparation market for years, except for Covid-19 affected years. CRISIL MI&A estimates the overall test preparatory market in India to have reached Rs. 550-600 Bn in fiscal 2023 and Rs.600-650 in fiscal 2024. CRISIL expects the market to grow at ~13% CAGR between fiscals 2024 and 2028.

Business model for test preparatory coaching institutes



Based on the type of delivery, coaching institutes have three main models, with the traditional classroom as primary model, and other modes like digital learning and distance learning gaining popularity, helping players widen their reach.

Classroom course most popular model for players

The traditional classroom model is the most preferred mode of training as it allows personalised attention, easy doubt clearance and constant monitoring of performance.

E-learning fast gaining traction among students

The E-learning market has been among the fastest-growing markets in the last few years. Rising internet penetration with proliferation of 5G, ubiquitous availability of content, and growing awareness amongst a technology savvy generation has aided growth. Players have introduced digital products including recorded content on personal computers (PCs), laptops, tablets and mobile phones. Apart from recorded content, some institutes have also introduced live/online classroom course, which enables the student to have live interactive sessions while accessing live content on their devices remotely.

Distance learning programme (DLP) accounts for minor share in the industry

In this category, the institute provides study material to facilitate the process of self-study for the candidate. Institutes also provide test series services for the candidates enrolled in the programme. DLP is not a primary business division for any player in the industry.

Test preparatory institutes can also be segregated based on their type of operations such as –

- **Owned/ Direct Control:** Under this model, the institute has complete control over operations in the premises. The premises are either owned or leased by the institutes. This model helps to maintain complete control over quality and regularly monitor the performance of faculty members as well.

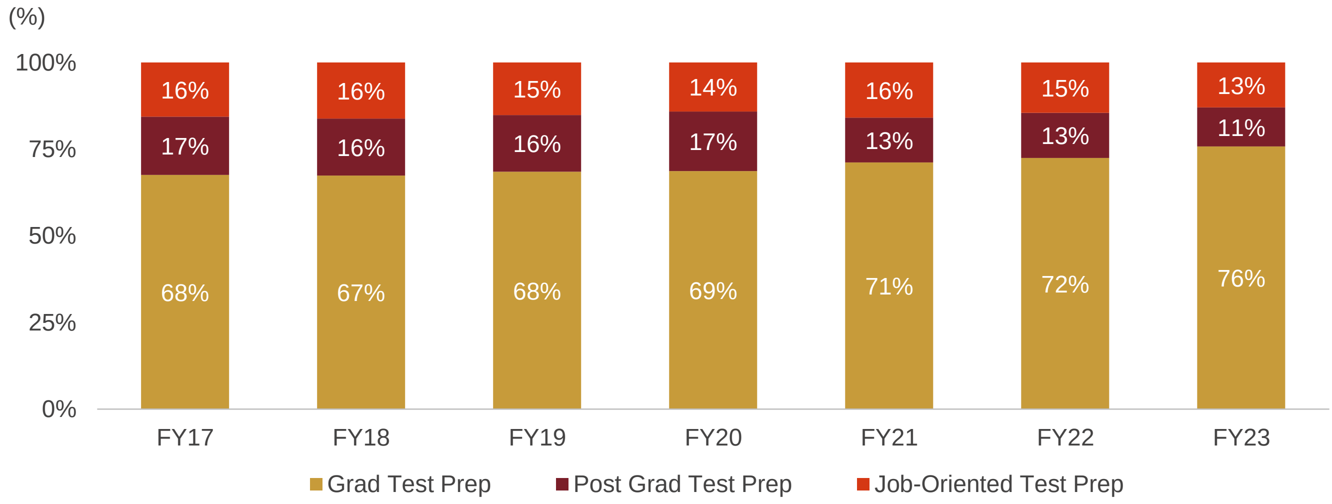
- **Franchise:** Many players opt for franchising, allowing expansion without heavy investment. The institute provides permission to a party to use its brand name, setting quality standards. In return, the franchisee typically pays a revenue share to the franchisor (in this case, the test preparatory service provider). Larger players use a mix of direct owned and franchise mode.

Distribution of Indian Test Preparation Market

Undergraduate test has highest share in overall test preparatory market in India

The test preparation market in India is led by graduate test preparation with over 75% share of market, followed by Job-oriented and post-graduate test preparation. This is primarily because of the large number of students and competition in the industry for entry into prestigious undergraduate programs such as Engineering, Medical, Law and others university specific entrance tests. Though all three divisions in test-preparation market have seen growth, the trend in share of market among them has different story. Graduate test preparation market has seen continued to occupy larger share of the pie, whilst the job-oriented test preparation has seen declining share. The reasons for decline are increased awareness about the high probability of failure as well as time commitment problems with such exams, especially the Civil Services Exams. Though there is interest for such exams, the growth is less than other two divisions. With the rise of online test preparation, students and working professionals from tier-1 and tier-2 cities are increasingly opting for such schemes as it provides flexibility in time and location.

Product-wise trend in test preparation market in India



Source: UDISE, AISHE, CRISIL MI&A

At an overall level, the test preparation trends vary across different streams based on factors such as the level of competition, the importance of standardized tests, and the career opportunities associated with each field as mentioned below:

- **Engineering Entrance Exams:** Includes significant reliance on coaching institutes and a rising trend towards online preparation, especially in smaller cities and towns, due to the complexity of the syllabus and the high stakes involved.

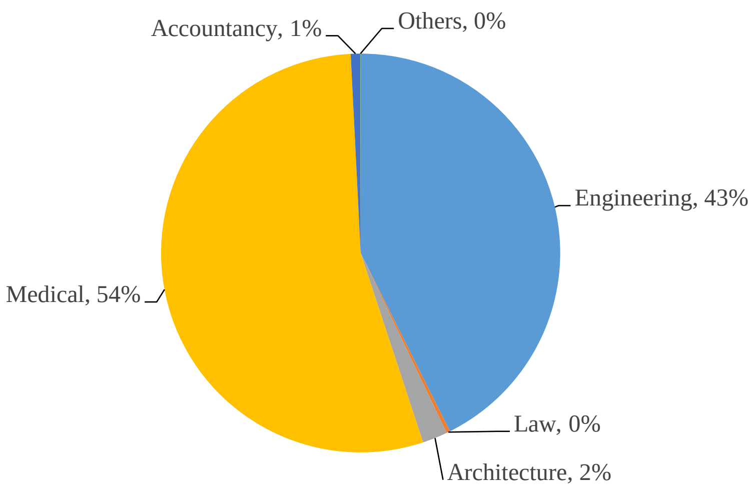
- **Medical Entrance Exams:** While coaching institutes are crucial for students aiming for top medical colleges, online platforms offering comprehensive study materials, mock tests are gaining popularity among NEET aspirants.

- **Management Entrance Exams:** Management entrance exams see a mix of coaching institute reliance and self-study approaches. While coaching institutes provide structured guidance and mock tests, there's also a growing trend towards self-preparation using online resources owing to flexibility

- **Civil Services Exams:** Preparation for civil services exams is characterized by a combination of self-study, coaching, and current affairs analysis. Coaching institutes offering specialized courses for UPSC preparation are prevalent, especially in Delhi and other major cities. However, there's an increasing trend towards online platforms for UPSC aspirants, catering to candidates from diverse backgrounds.

- **Banking and Government Exams:** Banking and government exams witness a high demand for coaching institutes, particularly in semi-urban and rural areas, where access to quality education is limited. These exams often have many applicants, leading to intense competition. Online platforms offering affordable and comprehensive study materials are gaining traction among aspirants for such exams.

Share of different streams in test preparation by stream of education (FY24E)



Source: UDISE, AISHE, CRISIL MI&A

Growth drivers

Intense competition for entry into premier institutes to drive coaching demand

There is a significant dearth of seats in premier institutes in the country, leading to stiff competition in entrance exams such as JEE and NEET. Moreover, difference in parameters such as quality of faculty, students, research facilities, placement prospects between premier institutes and other low-tier colleges is substantial, making it vital for students to strive for a seat in top institutes only. This creates a market for test preparatory coaching institutes that help students enhance their performance in the entrance tests. Going forward as well, competition will continue to remain stiff with limited number of new institutes/seats.

Increase in internet penetration will pave way for growth through digital means

The performance of students in urban areas is significantly better than students from other locations (refer to Engineering Test Preparatory Coaching Industry chapter for more details). This is primarily on account of students getting additional help through coaching institutes while preparing for entrance exams. However, with the rise in internet penetration beyond major cities coupled with players also stepping up their efforts in the sector, revenue from the digital front will likely aid substantial growth for players. Along with recorded lectures, the concept of virtual classrooms may also gain traction in tier-2 and tier-3 cities, thereby opening up new geographies for the players.

Increase in intake of premier institutes (both domestic and overseas education)

Government's focus on increasing GERs in the higher education category and more importantly emphasis on increasing the number of good quality institutes will increase intake. Despite increase in expected intake of quality institutes, demand will continue to outpace supply. This is expected to lead to higher demand for test preparatory market. Further, contemporary teaching methodologies used by organised players, shift in preference towards organised players, will also drive the growth for the test preparatory educational institutes.

Innovation and Emerging trends witnessed in the test preparation market

Over the years, several key initiatives and innovations have emerged in the test preparation market to cater to the evolving needs of students and leverage technological advancements, thereby making education more accessible, engaging, and effective for students across India. Some of these initiatives are as follows:

- **Online Platforms and Mobile Apps:** The rise of online platforms and mobile apps has revolutionized test preparation by offering anytime, anywhere access to study materials, video lectures, interactive quizzes, and mock tests.

- **Adaptive Learning Technologies:** Adaptive learning technologies use algorithms to personalize the learning experience for each student based on their strengths, weaknesses, and learning pace. These technologies adjust the difficulty level of questions and content to ensure optimal learning outcomes. Adaptive learning platforms like Toppr and Vedantu are gaining popularity for their effectiveness in improving student performance.

- **Gamification:** Gamification techniques, such as rewards, badges, leaderboards, and interactive challenges, are being integrated into test preparation platforms to enhance student engagement and motivation. Gamified learning platforms like Quizizz and Kahoot! make studying more enjoyable and effective for students.

- **Artificial Intelligence (AI) and Machine Learning (ML):** AI and ML algorithms are being used to analyse student performance data, predict learning patterns, and provide personalized recommendations for improvement. Companies like Embibe leverage AI to offer personalized study plans, exam analysis, and feedback to students, helping them identify areas of improvement and optimize their study strategies.

- **Virtual Reality (VR) and Augmented Reality (AR):** VR and AR technologies are being explored in the test preparation market to create immersive learning experiences, allow students to visualize complex concepts, conduct virtual experiments, engage in interactive simulations, and enhance understanding and retention of the subject matter.

Overview of E-Learning Market

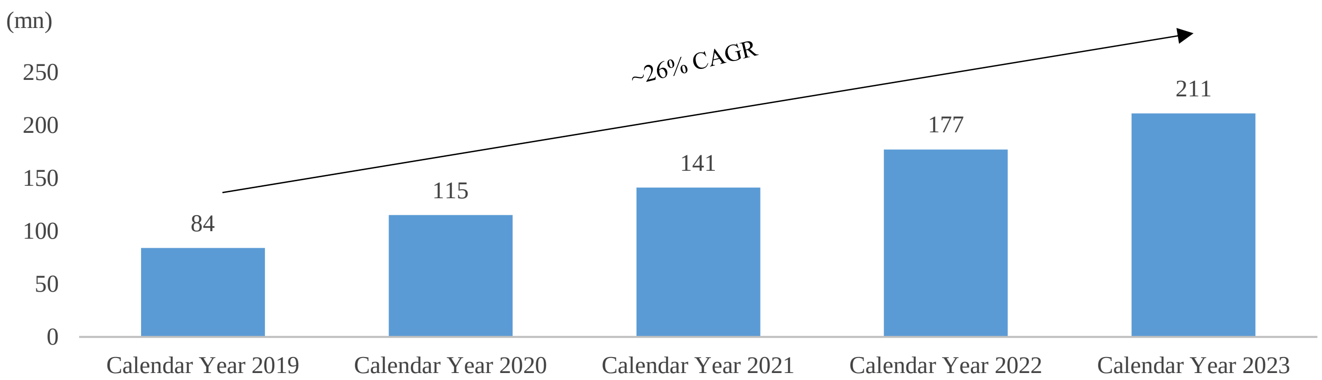
E-Learning category ushers in a new phase in Indian Education industry

The digital education or E-Learning market in India can be divided into formal and informal space. The formal space largely constitutes Private & Government schools, Universities and Large Corporations which use e-learning methods for skill enhancement. Several players in the formal space have also set up e-library platforms for access to e-books accessing material. While the market in India is still nascent, the informal e-learning space has seen a substantial pick-up over the last 6-7 years due to widespread availability of wireless data services, increased online content, and tech-savvy student population. Further, the sector provides opportunity for existing players to increase geographic footprint without substantial investment in assets.

E-Learning market witnessed surge during Covid-19; trend continues post Covid

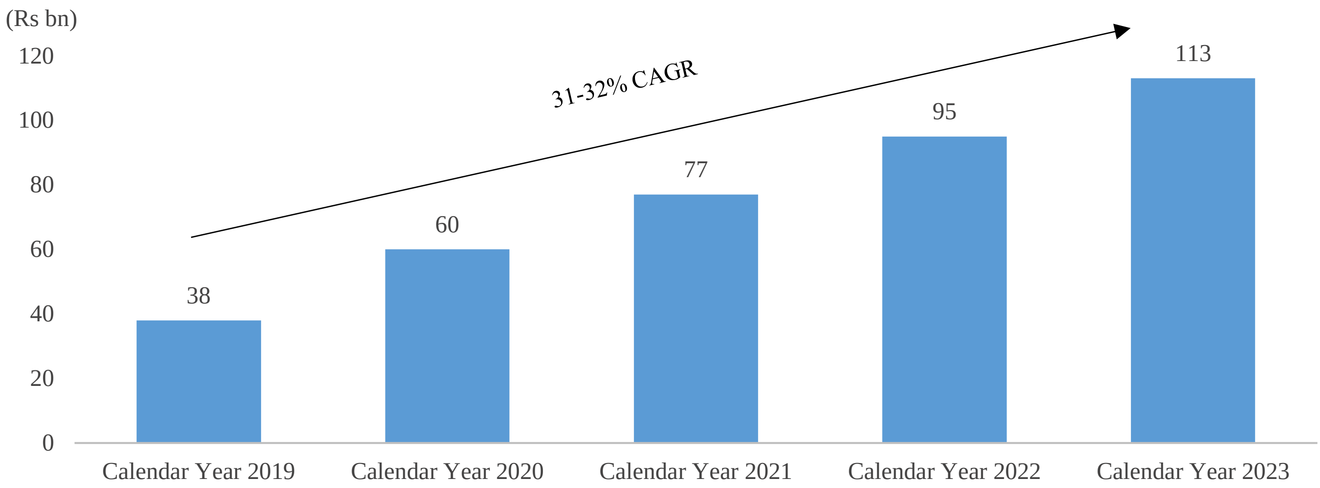
In response to the shift to remote work & schooling prompted by the COVID-19 pandemic in 2020, individuals increasingly turned to digital learning to acquire the skills necessary to navigate today's ever-evolving work landscape. This caused a surge in new users' registration, taking the total learners in platforms Udemy and Coursera to cumulative reach 115 million in 2020 from 84 million in 2019 and 65 million in 2018. At end of 2023, the cumulative learners in these platforms reached 211 million, with Coursera and Udemy having 142 million & 69 million learners respectively. These increases reflect the growing global acceptance of online education, including rises in remote learners pursuing higher education and those from marginalized or distant communities.

More learners are accessing courses online across platforms; trend likely to continue



Note: Data is on a calendar year basis; The above chart includes data for Udemy and Coursera; Source: Company reports, US SEC filings, CRISIL MI&A

Revenue for e-learning platforms grew at a fast pace over the past 5 years



Note: Data is on a calendar year basis The above chart includes data for Udemy and Coursera; Source: Company reports, US SEC filings, CRISIL MI&A

USA and India are among key markets for E-Learning platforms

At a country level, the top five countries represented by Coursera's registered student base at end of 2022 were the US (22.1 million), India (19.0 million), Mexico (5.7 million), Brazil (4.8 million), and China (3.7 million). For Udemy, the top three countries were the US, India and Brazil. E-Learning platforms have a significantly large user base in the US due to factors such as high internet penetration, a culture of lifelong learning, and the presence of leading universities and companies partnering with these platforms. Further, factors such as a large youth population, increasing internet penetration, rising demand for skills enhancement, and the need for affordable education options have contributed to the popularity of these platforms in India. Other countries such as China, Brazil, the UK and Germany also contribute significantly to the user base of these platforms.

Types of customers in the e-learning market

The e-learning market caters to a diverse set of customers, with each set having its own specific preferences, influencing the design, delivery and content of e-learning solutions. Therefore, some of the typical customer groups include the following:

- **Students:** These set of customers include individuals seeking to improve their knowledge, skills or qualifications outside traditional institutes. This typically includes professionals from IT, healthcare, finance and other fields that widely use e-learning tools as a mode to upskilling themselves - to stay relevant and prepare for future job opportunities within an organization.

- **Enterprise users:** They include companies who invest in training and development of their employees and often the e-learning modules are customised for each enterprise. To the enterprise, such solution offers flexible, scalable and cost-effective way for upskilling the employees

- **College and universities:** The higher education institutions have started to incorporate online courses to supplement traditional learning to reach a wider set of audience

- **Government agencies:** Various government agencies also use e-learning platforms for training civil servants, dissemination of information and educating the public on various issues

Growth drivers for the E-Learning Market

Globally, the E-Learning market has experienced significant growth in recent years, owing to the combination of greater global access to technology and open learning platform, which has unlocked the opportunity for more citizens to enhance their skills and advance their careers. Going forward, CRISIL believes that the trend will continue owing to the underpenetrated, large addressable market in this space to enable the digital transformation of education and provide lifelong adult learning at scale.

Below are some of the key factors that is likely to aid to the growth of the e-learning market:

- **Technological Advancements:** Continuous advancements in technology will improve the accessibility and effectiveness of e-learning platforms and content delivery systems.

- **Increased Internet Penetration:** The growing accessibility of high-speed internet connections worldwide has made it easier for individuals to access online learning material from anywhere at any time, thereby expanding the potential market for e-learning globally.

- **Demand for Skill Development:** In today's rapidly changing job market, there is a growing demand for individuals to continuously upgrade and acquire new skills. E-learning offers a flexible and convenient way for people to access educational resources and training programs tailored to their specific needs.

- **Cost-effectiveness:** E-learning often proves to be more cost-effective compared to traditional forms of education and training. It eliminates the need for physical classrooms, travel expenses, and printed materials, making it a preferred option for both individuals and organisations looking to minimise costs.

- **Corporate Training and Development:** Many companies are turning to e-learning solutions to provide training and development opportunities for their employees. E-learning allows organisations to deliver consistent training across geographically dispersed teams, track employees' progress, and adapt training content to evolving business needs.

- **Personalised Learning Experience**: E-learning platforms leverage technologies like machine learning and data analytics to provide personalized learning experiences tailored to individual learners' needs and learning styles. This personalised approach enhances engagement and knowledge retention.

- **Lifelong Learning Trends:** The concept of lifelong learning has gained traction as individuals recognize the importance of continuous skill development to remain competitive in the workforce. For such lifelong learners, E-learning platforms offering a wide range of courses and resources are attractive options.

- **Government Initiatives**: Cabinet Committee on Economic Affairs has approved continuation of *Samagra Shiksha Scheme*, which was aimed at universalisation of education and enhanced learning outcomes for a period of five years i.e., from 2021-22 to 2025-26. The total financial outlay is estimated to be ~Rs 2.9 trillion.

Overview of skills market and country-wise skill demand

The skills market typically refers to the demand and supply dynamics of skills required by employers and sought by individuals seeking employment or career advancement. Overall, the skills market is dynamic and continually evolving in response to changes in technology, business practices, and societal needs. Hence, Individuals who invests in continual learning and upskilling for staying relevant and adaptable in the rapidly changing skills landscape are more likely to succeed in today's competitive job market. Some of the skills that are currently in demand includes:

- **Information Technology Skills:** Individuals with proficiency in data analysis, coding, web development, cybersecurity, and proficiency are in demand due to rapid digitisation of industries.

- **Soft Skills:** Soft skills, including communication, teamwork, adaptability, problem-solving, creativity, emotional intelligence, and leadership are gaining importance for building effective teams and fostering workplace collaboration.

- **Data Analysis and Data Science Skills:** Growing demand for professionals with skills in data analysis, data visualisation, statistical analysis, machine learning, and artificial intelligence. These skills are particularly sought after in industries such as finance, healthcare, marketing, and technology.

- **Project Management:** Employers look for individuals with expertise in project planning, budgeting, resource allocation, risk management, and stakeholder communication.

- **Industry-Specific Skills:** Sector-specific skills are highly valued such as demand for professionals with clinical expertise, medical coding, and healthcare informatics skills (healthcare), skills related to financial analysis, risk management (finance).

- **Language Proficiency and Intercultural Competence:** In a globalised economy, language proficiency in English, Mandarin, Spanish, and Arabic can provide individuals with a competitive edge in the job market

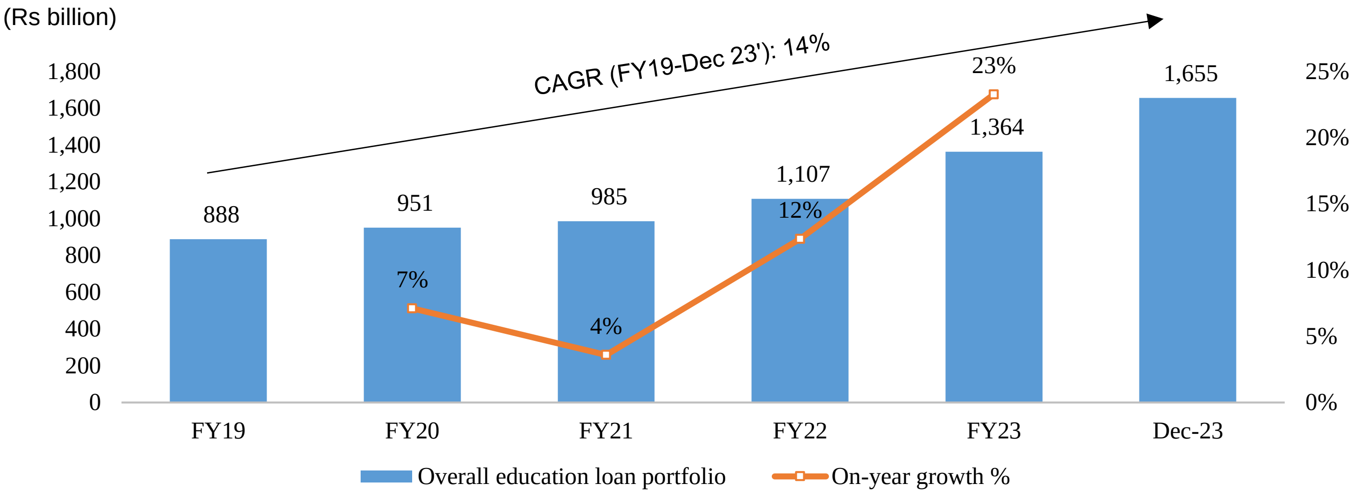
- **Critical Thinking and Creativity:** Employers seek individuals who can think critically, analyse information, and come up with innovative solutions to complex problems. Creative thinking skills, including the ability to generate new ideas, think outside the box, and apply creativity to various tasks, are highly valued in roles that involve innovation, design, and strategic planning.

Overview of the Overall Education Loans Market in India

Growth in overall education loans accelerated with increased demand for higher education and overseas education

Higher education has been gaining importance in India over the years with a visible increase in students opting for courses - both at home and overseas - and with it, an explosion in demand for student loans. This offers a huge opportunity to the domestic education loan industry, as recent trends bear out. The education loan market in India witnessed tepid growth at 7% and 4% on-year in fiscal 2020 and 2021, respectively, because of the Covid-19-induced lockdowns worldwide. The easing of restrictions in the second half of fiscal 2022 led to double-digit credit growth of 12% on a lower base. In fiscal 2023, the outstanding loan portfolio grew at a robust 23%, driven by a significant jump in NBFC credit, coupled with meaningful growth in banks. Growth momentum continued in fiscal 2024 as the overall educational loan portfolio reached Rs 1,655 billion as of 31st December 2023 from Rs 1,364 billion as of 31st March 2023. Expansion in education loans in fiscals 2023 and 2024 can be attributed to factors, such as opening of overseas borders for on-campus education, increase in applications for higher education, strong demand from tier 1 and 2 cities and pent-up post-pandemic demand. With a steep rise in spending on education and more students opting for overseas education, the education loan market has expanded. Healthy momentum is expected to continue in the coming fiscals as well.

Overall education loan portfolio witnessed robust growth between fiscals 2022 and 2024

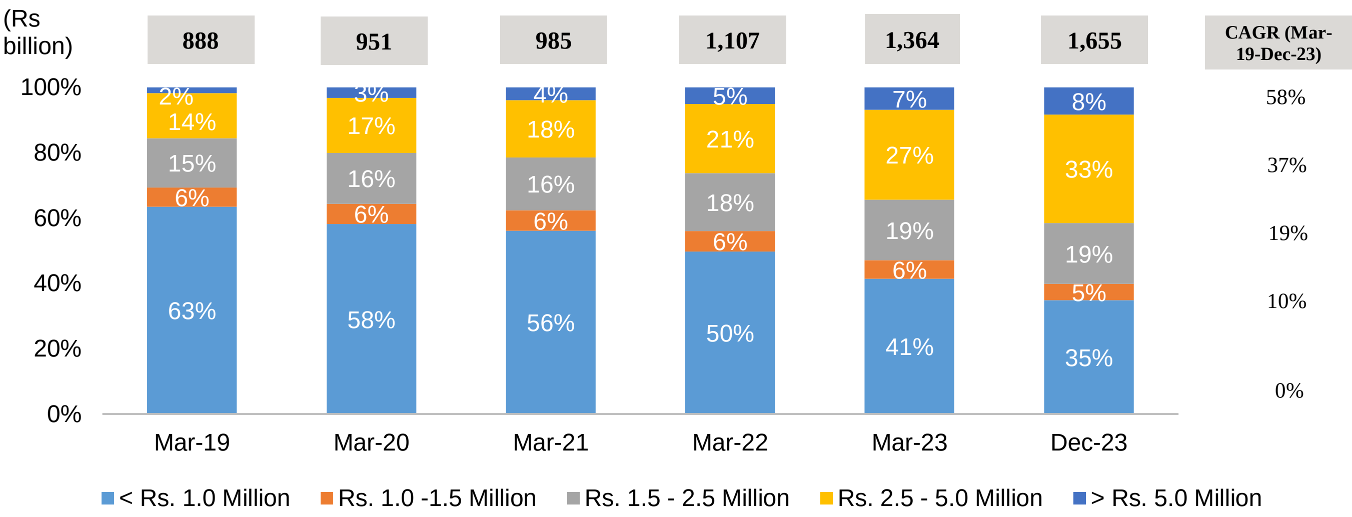


Note: A large number of students take Personal Loan/LAP from lenders to fund their education. However, this is not reported under education loan category in the credit bureau; Source: CRIFHighMark, CRISIL MI&A

Growth led by education loan of ticket size greater than Rs 1.5 million

The education loan market of India is being driven by a surge in loans with ticket size greater than Rs 1.5 million – 95% of this comprises overseas education loans dominated by NBFCs. Growth in loans of ticket size less than Rs 1.5 million has been moderate and is largely driven by banks as they concentrate more on domestic education loans, more so on RBI-mandated collateral free education loans of ticket size up to Rs 0.4 million. However, rising demand of NBFC-led education loans for admission in foreign universities, opening of overseas borders for on-campus education, and rise in overall cost of studying abroad, led education loan of ticket size greater than Rs 1.5 million to acquire the majority share of the overall education loans market of India as of 31st December 2023.

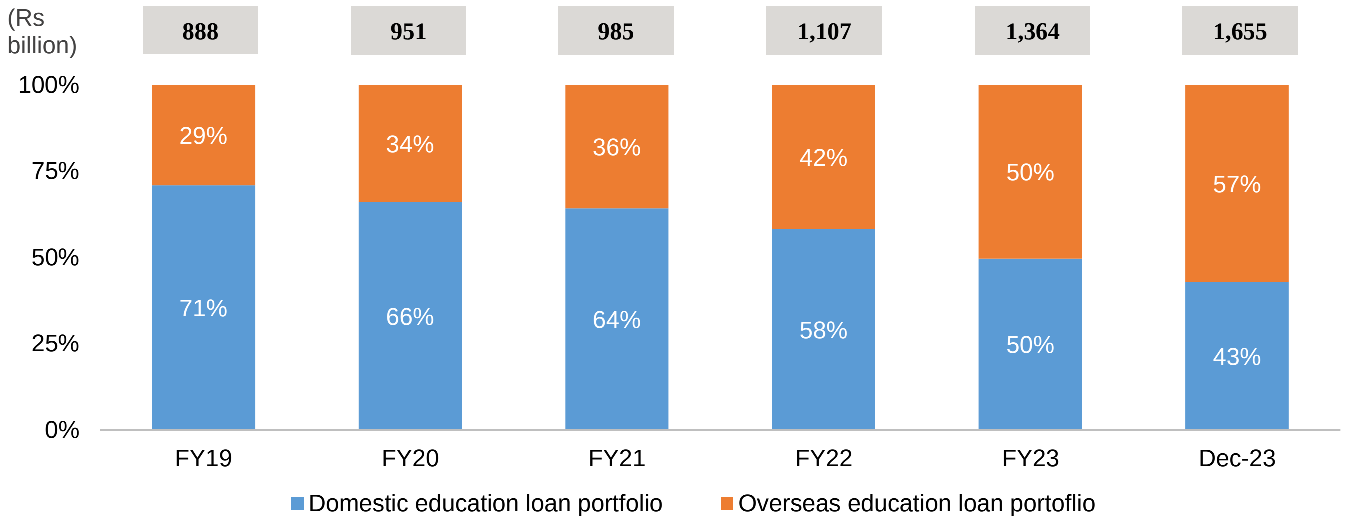
Share of education loans greater than Rs. 1.5 million within the overall education loan portfolio



Note: Figures in boxes represent overall education loan portfolio in rupee billion; Source: CRIFHighMark, CRISIL MI&A

CRISIL MI&A has classified 95% of education loans of ticket size above Rs 1.5 million as overseas-education loans considering the average tuition fees of foreign universities to be more than Rs 1.5 million. The chart below shows the rising share & importance of overseas education loans within the overall education loan portfolio, with its share expected to continue to expand, reflecting rising number of students preferring higher education abroad for better growth, exposure and earning capability. As of 31st December 2023, its share in overall education loans had increased to 57% from 29% in fiscal 2019.

Share of overseas education loans in overall education loan portfolio rose to 57% as of 31st December 2023

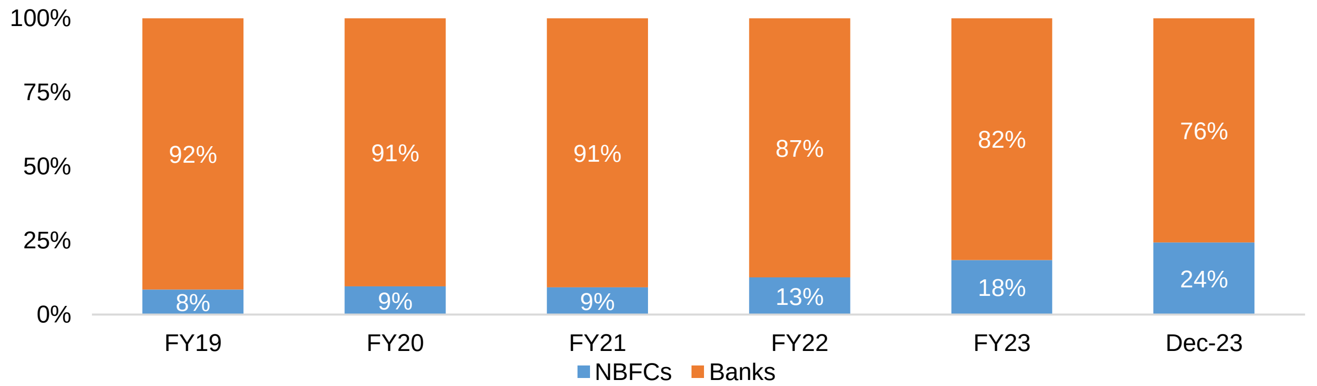


Note: The table in box represents the Overall Education Loan Portfolio; Source: CRIFHighMark, CRISIL MI&A

Share of NBFCs in overall educational loans in India on the rise

In India, banks account for 76% of the total outstanding education loan portfolio as of 31st December 2023, while non-banking financial companies (NBFCs) make up the remaining 24%. The State Bank of India (SBI) is the market leader among banks, while NBFC space is dominated by HDFC Credila and Avanse Financial.

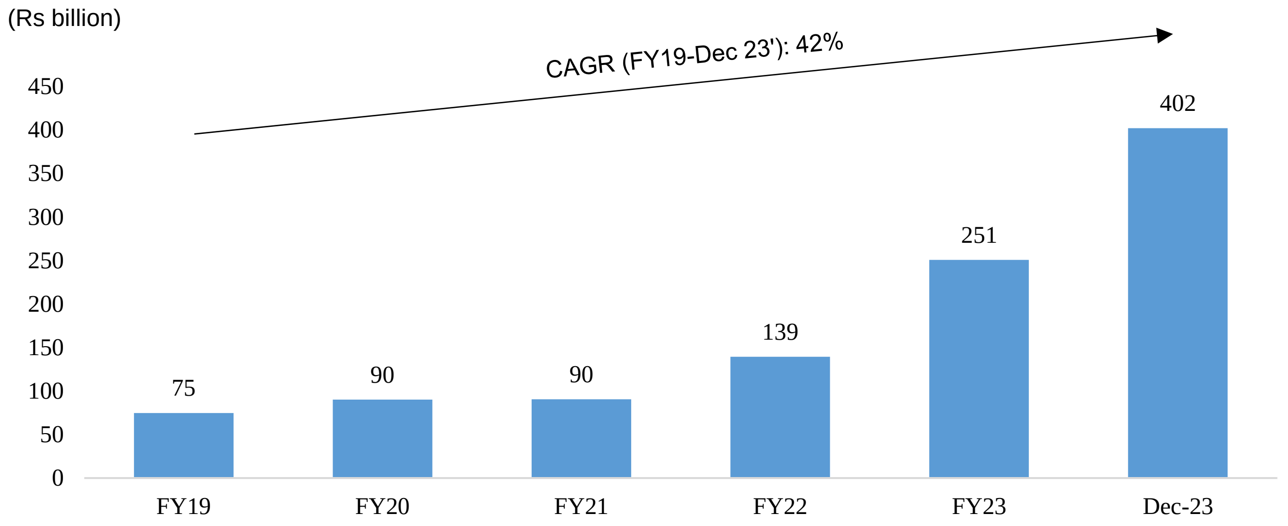
NBFCs' share in overall education loan market increased from 8% in fiscal 2019 to 24% as of 31st December 2023



Source: CRIFHighMark, CRISIL MI&A

For banks, education loans grew a healthy 15% in fiscal 2023, driven by a spurt in demand for big-ticket loans for overseas studies and willingness of banks to extend collateral loans. Before the pandemic, banks exercised caution due to asset-quality concerns, which constrained disbursements. For NBFCs, credit growth is driven by specialised business models, coupled with rising demand for education loans from students going to study overseas. Majority of the loans disbursed by NBFCs are for studying abroad, with India-based courses accounting for the rest.

NBFCs' educational loan portfolio logged 42% CAGR between fiscal 2019 and 31st December 2023



Source: CRIFHighMark, CRISIL MI&A

Product differentiation in Education Loans offered by banks and NBFCs

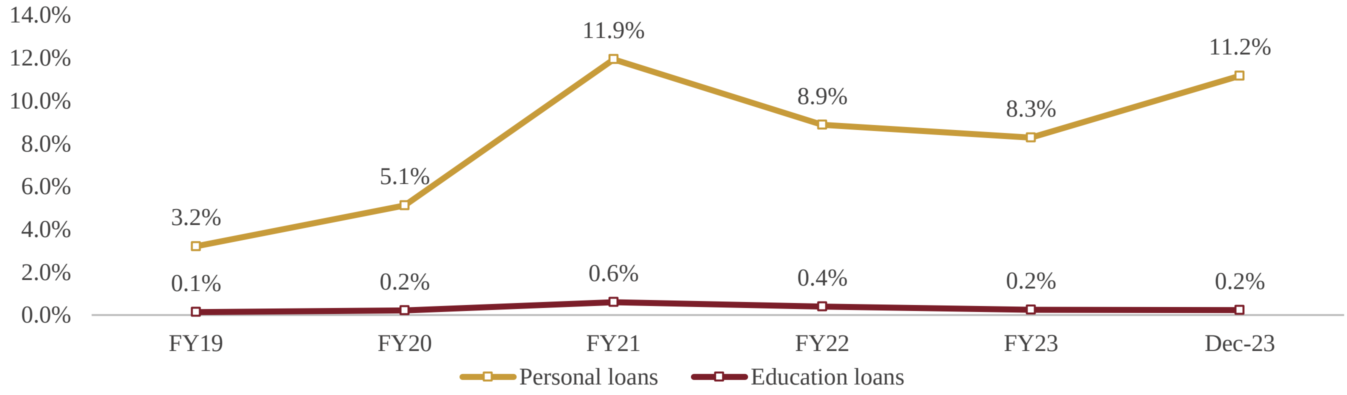
Feature	Banks	NBFCs
Courses covered	Specified courses covered at pre-approved list of colleges	Customized solution with greater course coverage including part-time, online and correspondence courses with no specified list/grading of colleges
Loan coverage	Tuition fees, travel expenses, examination fees, lab fees, etc, and capping on other related costs for course completion	100% loan coverage of all expenses, including tuition fees, travel and uniform/books/ equipment fees, and examination fees.
Underwriting model	Traditional collateral-based lending	Specialised underwriting model focused on evaluation of institutions, employability of students and earning co-borrower
Turnaround time (TAT)	Usually takes 15-20 days	Comparatively faster at 3 to 7 days
Processing fees	Low (up to 1% or minimum of Rs. 10,000 in loans above Rs. 20 L)	Moderate (1%-2% of loan amount)
Interest rates	Low (8.0%-12.5%)	Moderate (12.0%-15.0%)
Collateral	No security up to Rs 0.75 million; Tangible collateral for loans above Rs 0.75 million	Majority loans of NBFCs are unsecured; For secured loans, tangible security such as house; intangible security such as FD & life insurance are accepted
Average loan ticket size	Lower: Rs 0.5-0.6 million	Higher: Rs 2-3 million
Margin	Up to Rs 0.4 million: Nil; Above Rs 0.4 million: Domestic – 5%; Abroad – 15%	Higher loan coverage
Repayment period	Maximum 15 years after course period + 12 months of repayment holiday	Maximum 10 to 15 years including course period and grace period
Repayment options	Fixed repayment options as typically no customizations are available.	Customisation available based on financial needs; Multiple repayment option such as interest/partial interest servicing during the course and EMI repayment during the course or after moratorium.
Sourcing channels	DSAs, Branch walk-ins, education institutions, digital channels (to increase ease of submitting documents etc.) and counsellors	Diversified mix including educational institutions, counsellors / consultants, education centres for test preparation, student visa consultants, DSAs, digital channels (to increase ease of submitting documents etc.) and other loan consultants

Source: Public disclosures, CRISIL MI&A

Specialised underwriting model of education loan NBFCs facilitates better asset quality than other loan products such as personal loans

With rising demand for education loans, education-loan portfolios of lenders have been on the rise with education-loan NBFCs establishing a strong foothold and gaining market share every fiscal. Moreover, education-loan NBFCs have been able to maintain a good asset quality, due to their specialised credit underwriting model, wherein risk underwriting of students is done based on the institutions that they are going to study in, along with future employability and income assessment. This is differentiated as compared to the traditional approach of underwriting in case of other loan products.

NPA% of personal loans and education loans for NBFCs



Source: CRIFHighMark, CRISIL MI&A

Credit underwriting of students is done to check the eligibility for approving education loan. For instance, for underwriting of education loans, a few parameters that are checked include minimum academic criteria, age, admission status, co-borrower and future employability and earning potential/average salary from the course opted. The eligibility criteria even for co-borrowers have been put in place by lenders, such as co-borrower being an earning Indian citizen, parent or guardian of the student and having a bank account in India.

Moreover, NBFCs have limited reliance on branch network for education loan distribution. They have robust, well-defined and relationship driven sourcing channels for education loans which includes educational institutions from India and abroad, education consultants working with students, education centres helping students in entrance test preparation, student visa consultants, direct-service agents (DSAs) and other loan consultants. NBFCs provide faster and easy on-boarding process to its channel partners, including fast and competitive pay-outs, dedicated partners' desk, shorter TAT, and long-term sanction validity to protect students from delayed visa process.

With such a robust underwriting model, lenders are able to capture the repayment capabilities of students beforehand, thereby leading to a good asset quality.

Asset quality of education loan NBFCs improved post-Covid-19

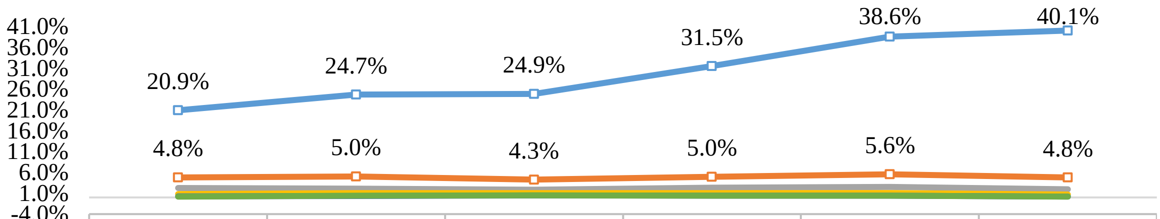
Loans from banks and NBFCs have played a significant role in promoting educational development of skilled individuals as required by emerging markets. Education loans are provided for graduation, post-graduation, diploma, and other professional courses in India as well as abroad. The education loan schemes offered vary based on the student borrower's characteristics, their risk profiles, and the college/institution they have opted for admission.

Education loan ticket size	Purpose	Security/collateral
Below Rs 0.4 million	Majorly comprise of students pursuing vocational training from institutes, such as ITIs and polytechnics	Bank schemes are based on Model Education Loan Scheme formed by the Indian Banks' Association (IBA); no collateral required
Rs 0.4 million to Rs 0.75 million	Students pursuing domestic higher education	Third-party guarantee required without any collateral
Above Rs 0.75 million	Students pursuing domestic higher education in premier institutes	Third-party guarantee and tangible collateral are required

Source: Public disclosures, CRISIL MI&A

Students opting for higher education abroad or in premier institutions in India are provided with different features of education-loan schemes. Students opting for education loans of ticket size less than Rs 0.4 million for vocational training or diploma typically come from low-income or lower middle-income families and have comparatively riskier profiles, due to incommensurate salaries after the completion of the course and declining demand in the job market. Due to financial instability after the completion of the course and higher cost of education, the ability to repay the loan is adversely affected, and hence, higher NPAs are seen in education loans with ticket size less than Rs 0.4 million. This has caused the GNPAs in overall education industry to stay elevated over years.

Ticket-wise education loans GNPA of the industry



	FY19	FY20	FY21	FY22	FY23	Dec-23
< Rs. 0.4 Million	20.9%	24.7%	24.9%	31.5%	38.6%	40.1%
Rs. 0.4-1.0 Million	4.8%	5.0%	4.3%	5.0%	5.6%	4.8%
Rs. 1.0-1.5 Million	2.2%	2.1%	1.9%	2.4%	2.5%	2.0%
Rs. 1.5-2.5 Million	0.8%	1.0%	1.0%	1.0%	1.1%	0.7%
Rs. 2.5-5.0 Million	0.3%	0.3%	0.5%	0.4%	0.4%	0.2%
> Rs. 5.0 Million	0.2%	0.4%	0.5%	0.4%	0.4%	0.2%

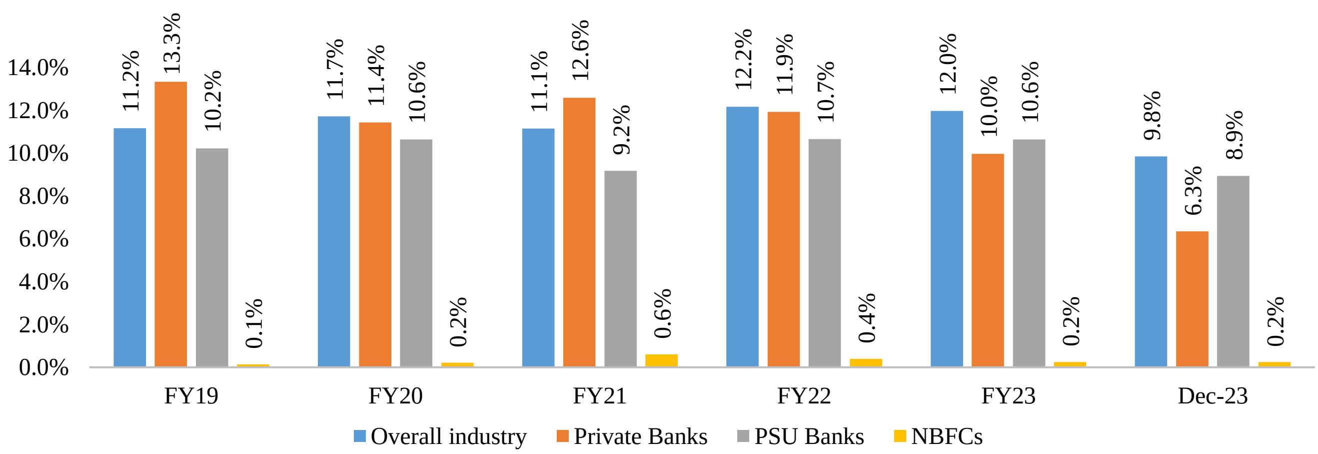
< Rs. 0.4 Million Rs. 0.4-1.0 Million Rs. 1.0-1.5 Million
Rs. 1.5-2.5 Million Rs. 2.5-5.0 Million > Rs. 5.0 Million

Source: CRIFHighMark, CRISIL MI&A

Banks have witnessed higher GNPA than NBFCs in the education loan asset class. As education loans portfolio form a small proportion of banks' overall portfolio, their underwriting process is quite generic and collateral based. Within education loans, banks also focus more on lower ticket sizes as compared to NBFCs, more so on ticket sizes less than Rs 0.4 million without taking any collateral. Hence, absence of specialised underwriting approach, limited monitoring, and lower ticket size loans without collateral have led to higher GNPAs for banks. Despite lending higher ticket-size education loans, majority of which are unsecured, NBFCs have been able to maintain better asset quality than banks. Education loan focused NBFCs typically lend to students availing loans for higher education and overseas education, which are typically above Rs 1.0 million. Their specialised underwriting model enables them to provide a fixed obligation-to-income ratio (FOIR) that seeks to make repayments comfortable for borrowers even under certain amount of financial stress. Further, customisation offered by such NBFCs allow students to pay only the interest or partial interest during course duration, reducing additional financial burden.

During the pandemic, many companies had delayed or cut salaries. In certain cases, staff was laid off. With this and a downturn in the global economy, many freshly graduated students were finding it difficult to find jobs and start their loan-repayment process. This led to GNPAs increasing in fiscals 2021 and 2022, before moderating and the situation recovering in second half of fiscal 2022. Subsequently, GNPA moderated further in fiscal 2023, led by improving credit profile of borrowers and reviving job market. As of 31st December 2023, overall education loan GNPA for NBFCs stood at 0.24% and is projected to improve further next fiscal, due to the domain expertise of education loan NBFCs in identifying the industry trends and lending based on the specialised underwriting model, improving job market conditions and favourable long-term outlook of education industry (for studies in India and abroad). Despite global slowdown along with moderation in employment opportunities and high inflation, asset quality improvement is supported by high credit growth, controlled slippage and write-offs. Further, defaults in student loans impact the students' and parents' CIBIL scores. Given that this is the first loan that a student takes in his/her life, they are less likely to default, because of social factors and their circle of influence.

Overall education loans GNPA for NBFCs improved to 0.2% as of 31st December 2023



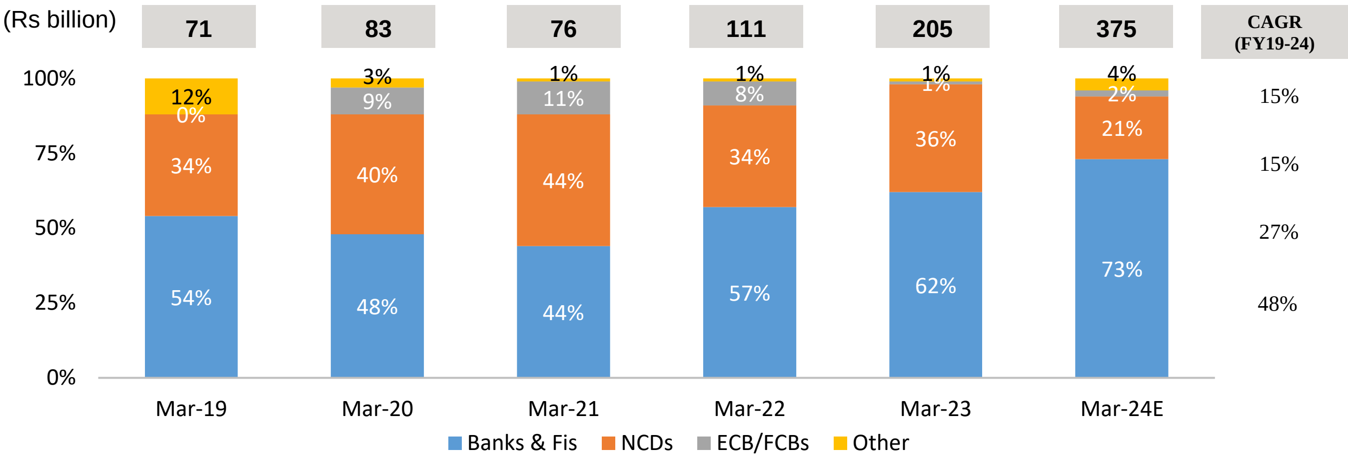
Source: CRIFHighMark, CRISIL MI&A

Education Loan NBFCs have managed to diversify away from bank borrowings as a source of funds, although they continue to remain an integral source

Key education loan NBFCs have a track record of strong financial flexibility and a diversified borrowing mix, and hence, are rated high. The share of non-convertible debentures (NCDs) in the borrowing mix of NBFCs increased from 34% in fiscal 2019 to 44% in fiscal 2021, on account of access to the capital market during a low interest rate environment. During the period, the share of bank borrowings declined from 54% to 44%. Thereafter, the trend reversed, with bank borrowings rising to 57% in fiscal 2022 and 62% in fiscal 2023 and the share of NCDs declining to 34% and 36%, respectively.

The RBI's move to increase risk weights for loans provided by banks to NBFCs specifically excludes education finance NBFCs. Hence, the move does not impact the cost of funds for such NBFCs. Moreover, NBFCs are actively collaborating with banks for fund raising via co-lending channels while conforming to the co-lending guidelines issued by the RBI. Hence, bank borrowings will continue to rise, despite an increase in cost of funds but still cheaper than borrowing from capital markets.

Although diversified, fresh borrowings from banks continue to dominate the borrowing mix for education loan NBFCs

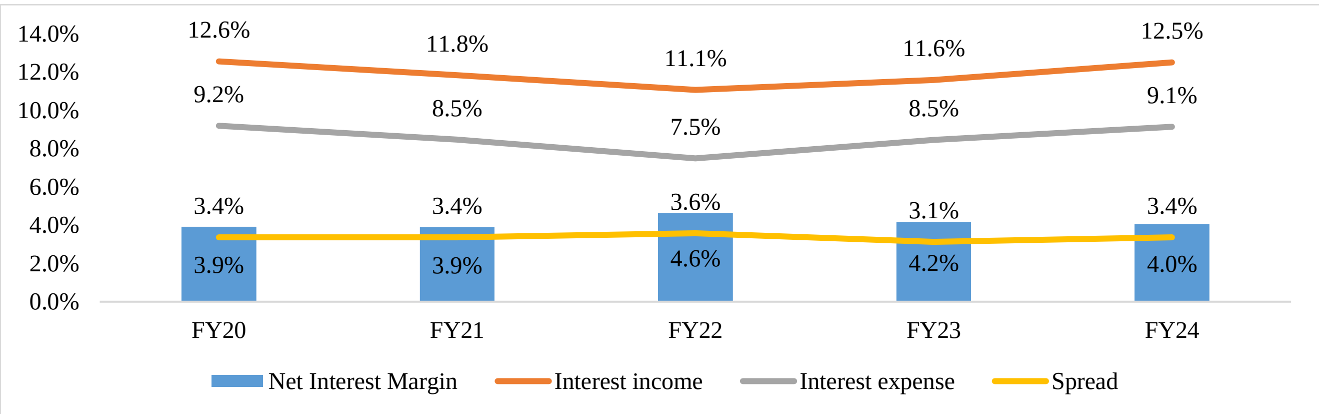


Note: E – Estimated, Players considered for above data are Avanse and HDFC Credila; Source: Company reports, CRISIL MI&A

Profitability of education loan NBFCs improved in fiscal 2024

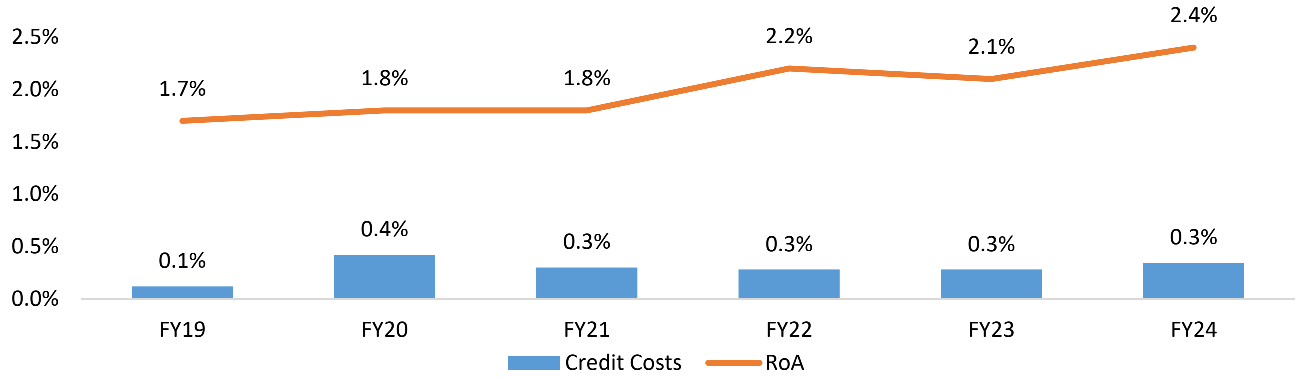
The yield on advance for education loan NBFCs increased in fiscal 2024 driven by growth in the loan book as incremental loans were priced higher and existing floating rate loans were repriced. Further, the cost of funds increased, driven by repricing of bank borrowings which dominate the borrowing mix of NBFCs. The increase is passed on to the customers. However, profitability has increased marginally this fiscal owing to a lag between rise in cost of borrowings and increase in yields because of old portfolio drag. Net interest margins (NIMs) compressed to ~4.0% in fiscal 2024 from ~4.2% in fiscal 2023 because of an increase in gearing and rise in the cost of funds. Credit costs remained steady owing to upfronting of a large portion of these costs in the form of write-offs in fiscal 2023. Going forward, they are expected to report a marginal decline, driven by controlled slippage and write-offs on the back of comfortable capitalisation. That said, current repayment trends are expected to hold up in the near term. Further, operating expenses will decrease owing to a higher economy of scale led by loan books. As a result, return on assets (RoA) increased from 2.1% in fiscal 2023 to 2.4% in fiscal 2024.

NIMs saw a marginal decline in fiscal 2024



Note: Players considered for above data are Avanse and HDFC Credila
Source: Company reports, CRISIL MI&A

RoA and credit cost for education loan NBFCs



Note: Players considered for above data are Avanse and HDFC Credila; Source: Company reports, CRISIL MI&A

Regulations on education loans in India

In 2000, the Indian Banks' Association (IBA) formed a study group to determine the role of commercial banks in providing education loans to poor but meritorious students who want to pursue higher education in India or abroad. The study group came up with a Comprehensive Model Education Loan Scheme that seeks to provide affordable financial support to meritorious students for pursuing higher education in India or abroad. In April 2001, the RBI issued a circular directing all scheduled commercial banks to adopt the scheme. Given below are some of the important features of the scheme as amended in 2022:

- **Expenses considered for loan** — Fees payable to college/ hostel, examination/ library/ laboratory fees, travel expenses, passage money for studies abroad, purchase of uniform, books & equipment, etc.

- **Minimum margin requirements** — No margin for loans up to Rs 0.4 million for study in India and abroad. For loans above Rs 0.4 million and up to Rs 0.75 million, 5% margin is required for study in India and 15% for study abroad. For loans above Rs 0.75 million, margin will be based on the bank's discretion.

- **Security** — For loans up to Rs 0.75 million, no security is required apart from inclusion of parent or guardian as a joint borrower. For those above Rs 0.75 million, tangible collateral security of suitable value and inclusion of parent or guardian as joint borrower was also made mandatory. However, the implementing bank has the discretion to make changes suiting to the convenience of the students/ parents to make it more customer friendly.

- **Repayment** — Repayment moratorium is course period plus one year and loan repayment is divided into equal monthly instalments for 15 years; no penalty on prepayment.

In September 2020, the RBI brought educational loans (including for vocational courses) of up to Rs 2.0 million under the ambit of priority sector lending (PSL). The step was taken to help the population from the low-income group get support for education financing. Lenders have been witnessing a steady rise in the number of applications for education loans every year because of the implementation of the Model Educational Loan Scheme of the IBA, increased awareness about the benefits of the scheme and classification of education loans as PSL. The RBI and IBA's continuous endeavour to make the scheme even more transparent will continue to support students in getting educational loans to purse higher education in India and abroad.

Key factors aiding education loan industry

Increasing demand for overseas higher education in India

The number of Indian students opting for overseas education is growing due to the ambitions of students and parents for degrees from esteemed foreign universities, which offer diverse courses, international exposure, global perspective, access to better lifestyle and higher earning capability. CRISIL MI&A expects demand for overseas higher education to continue to rise.

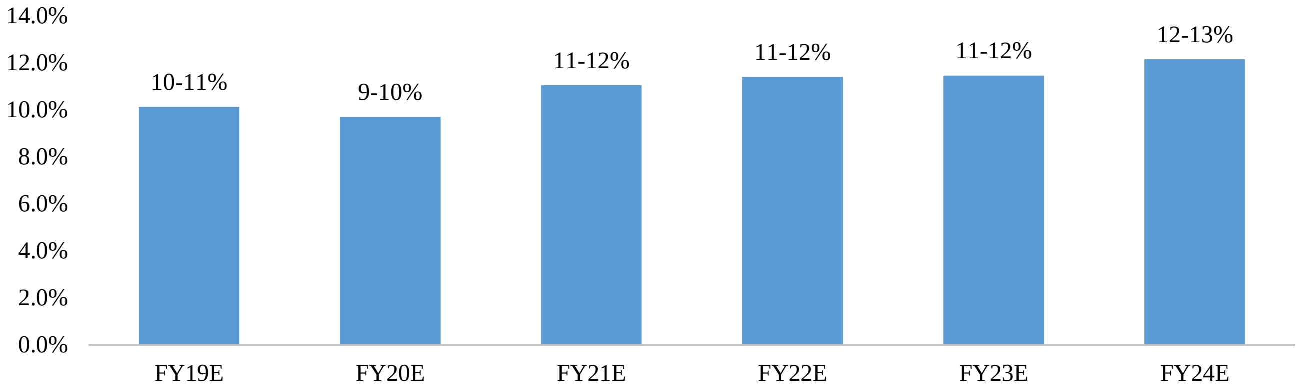
Differentiated distribution approach

Education loans require a differentiated distribution approach as compared to traditional loans, which are typically reliant on a physical branch network. Hence, lenders resort to distribution of education loans through educational counsellors, aggregators, DSAs, education institutions, digital marketing, and other educational forums. This differentiated approach followed by the lenders enable them to increase their reach and cater to a wider population even with limited branch footprint.

Low finance penetration in education market offers ample opportunity for lenders

Despite the rising demand for education loans in India, the finance penetration in the education industry remained quite low at 12-13% as of fiscal 2024. One of the reasons for this is that there are only a few players in the market with specialized model for education loans (particularly in the NBFC space). Hence, majority of the low-income and middle-income groups is significantly underserved. This gives immense opportunity for lenders in the industry to expand their businesses.

Finance penetration in domestic education sector low at 12-13% as of fiscal 2024



Note: E – estimated; Source: CRIFHighMark, UDISE+ reports, AISHE reports/data, CRISIL MI&A

Going forward, CRSIIL expects finance penetration in undergraduate education to rise, led by education-focused lenders.

Overview of Education Infrastructure in India

The total number of K-12 institutions (including government and private schools) as of fiscal year 2021-22 was 1,489,115 while the number of private unaided schools during the same period stood at 335,844. Majority of the schools in India lack quality infrastructure and hence the sector requires significant investments in infrastructure, reflecting the country's size, population, and socio-economic disparities. Addressing these needs is critical for improving educational outcomes and ensuring equitable access to quality education for all students. Some of the key infrastructure requirements in the education sector include:

- **Basic facilities:** Many schools, especially in Tier 2 and Tier 3 cities, lack basic infrastructure such as functional classrooms, toilets, and drinking water facilities. Ensuring these basic needs are met is a fundamental requirement for all educational institutions.

- **Technology integration:** There is a growing need for integrating technology into the educational infrastructure to enhance learning experiences. This includes providing computers, smart classrooms, and internet connectivity, particularly to bridge the digital divide in the country and provide more immersive and experiential learning to the student. Additionally, offering well-equipped laboratories for science, computer, and language learning, as well as libraries with updated resources, are essential for quality education. Further, to prepare students for the future, there is significant investment in state-of-the-art STEM (Science, Technology, Engineering, and Mathematics) laboratories and modern libraries that foster research and innovation.

- **Safety and accessibility:** Education Infrastructure should be safe and accessible to all students, including those with disabilities. Further, addressing concerns relating to aging infrastructure by construction or renovation of school buildings, implementing and adhering to the changing building safety codes are imperative. Schools are also upgrading their infrastructure by implementing green buildings and other sustainable practices for long-term benefits.

- **Transportation:** In many parts of India, primarily in rural and semi-urban regions, the students face difficulties in reaching educational institutions due to the lack of safe and reliable transportation. Infrastructure development in this area is crucial and a lot of schools also invest in providing these services to make their school more accessible & a preferred one in the location they operate in.

- **Sports, physical education and fine arts facilities:** Adequate facilities for sports and physical education are often lacking but are essential for the holistic development of students. Furthermore, by renting out for performances or events these spaces could also serve as potential revenue generation streams for schools.

- **Hostels and housing:** For higher education institutions, especially in semi-urban and urban areas, providing student housing is a critical need to accommodate students from various regions. While several schools offer hostel facilities in the country, ensuring that a commensurate expansion of hostel accommodation and maintenance is necessary alongside an increase in student admissions.

There exists a substantial gap in the quality of education in India which could be attributed to the inadequate quality of educational institutions' infrastructure setup. Moreover, the low GER drives the need for targeted efforts that need to be undertaken to improve the educational infrastructure landscape.

Addressing the above-mentioned infrastructure requirements necessitates a targeted effort from the supply-side between the government, private sector, and civil society.

Overview of Working Capital requirements of Educational Institutions

The educational institutions in India also have working capital requirements to ensure schools can effectively manage their finances, support daily operations, and invest in initiatives that promote educational excellence. These requirements vary depending on factors such as its size, location, enrolment numbers, operational expenses, and seasonal fluctuations. However, some common working capital requirements for schools include the following:

- **Payroll:** Salaries and wages for teachers, administrative staff, and other employees constitute a significant portion of a school's operating expenses. Working capital is needed to ensure timely payment of salaries, especially during months with higher staffing requirements or variable pay schedules.

- **Utilities and maintenance:** Schools must cover ongoing expenses such as electricity, water, heating, cooling, maintenance, and repairs to keep facilities operational and safe for students and staff. Working capital is necessary to address these regular expenses promptly.

- **Supplies and materials:** Schools require various supplies and materials for teaching, learning, and administrative purposes, including textbooks, stationery, classroom materials, technology equipment, and office supplies. Adequate working capital ensures the availability of these resources without disruptions.

- **Program expenses:** Funding is needed for extracurricular activities, sports programs, field trips, special events, and other educational initiatives that enhance the learning experience for students. Working capital supports the implementation and maintenance of these programs.

- **Enrolment fluctuations:** Schools may experience fluctuations in enrolment throughout the academic year, affecting revenue streams from tuition fees and other sources. Working capital helps bridge gaps in cash flow during periods of lower enrolment or when awaiting payments from students or funding agencies.

By accurately assessing these working capital requirements, ensuring sufficient liquidity, schools can effectively manage their finances, support daily operations, and invest in initiatives that promote educational excellence. In the overall education market, some schools rely more heavily on working capital loans if they experience cash flow challenges or unexpected expenses (for instance, challenges associated with timely payment of fees from students, sudden drop in enrolments, Covid-19, etc), while others may use them sparingly, preferring to manage cash flow through budgeting, fundraising, or optimizing revenue streams.

Overview of Educational Institution Loans Market in India

Educational institution loans typically refer to financial assistance provided by banks and financial institutions to schools, colleges and other educational institutions. These comprise loans towards infrastructure and working capital needs of such educational institutions. Such loans aim to support the expansion and improvement of educational facilities to meet the growing needs of the population for more such institutions and expansion within existing institutions. The end-use of such loans generally involves construction, renovation, equipment purchase, and other infrastructure-related expenses. These loans play a crucial role in enhancing access to quality education and fostering educational development across the country and typically come with several features tailored to meet the specific needs of educational institutions. Some of the common features of such education infrastructure loans are as follows:

- **Purpose-Specific Funding:** Loans are designed to cover expenses related to the development, expansion, or improvement of infrastructure, including construction, renovation, equipment purchase, and technology upgrades.

- **Flexible Repayment Terms:** Lenders often offer flexible repayment options tailored to cash flows of educational institutions e.g., longer repayment tenures and moratorium periods to allow time for the institution to generate revenue.

- **Competitive Interest Rates:** To encourage investment in education, lenders may offer competitive interest rates on education infrastructure loans, making them more affordable for educational institutions.

- **Collateral Requirements:** Depending on the loan amount and terms, lenders may require collateral such as property, land, or other assets to secure the loan.

- **Quick Approval Process:** Lenders may offer a streamlined approval process for education infrastructure loans to expedite the funding process and enable institutions to start their projects promptly.

- **Customized Loan Amounts:** Education infrastructure loans can be customized to suit the specific needs of the educational institution, with end uses ranging from small-scale projects to large-scale infrastructure developments.

- **Government Subsidies or Guarantees:** In some cases, the government may provide subsidies or guarantees to lenders to encourage lending to educational institutions, thereby reducing the financial burden on the institutions.

In addition, the educational institutions also seek working capital loans for covering short-term operational expenses, such as payroll, utilities, maintenance, and supplies. These loans can help bridge gaps in cash flow, especially during periods of enrolment fluctuations or unexpected expenses. Many financial institutions offer working capital loans tailored to the needs of educational institutions, providing flexible repayment terms and competitive interest rates.

Growth drivers for Education Infrastructure Loan Market

CRISIL expects that increasing demand for education, government support, technological advancements, private sector participation, and favourable investment climate would contribute significantly to the growth of education infrastructure loans in India. Some of the factors which is likely to aid the market are as follows:

- **Rising Demand for Education:** With a growing population, increasing awareness about the importance of education, and rising propensity to consume among the population, there is a rising demand for education infrastructure, including schools, colleges, vocational training centres, and skill development institutes.

- **Capacity building:** To meet the increasing demand for education, educational institutions would have to increase student intake, thereby expanding capacity to adequately accommodate larger classrooms, to ensure comfortable learning atmosphere by means of construction, renovation or expansion projects – necessitating growth capital.

- **Government Initiatives:** Government initiatives such as the "Education for All" campaign and schemes like Sarva Shiksha Abhiyan (SSA), Rashtriya Madhyamik Shiksha Abhiyan (RMSA), and Atal Tinkering Labs (ATL) aim to improve access to quality education and promote infrastructure development in the education sector, providing opportunities for funding through loans.

- **Urbanization and Infrastructure Development:** Rapid urbanization and infrastructure development in tier 2 and tier 3 cities are driving the need for new educational institutions and the expansion of existing ones, leading to increased demand for education infrastructure loans.

- **Expectation of Superior Infra Facilities**: Private schools are expected to offer better quality of education and superior physical & digital infrastructure compared to other players. With higher infrastructure specifications these educational institutions are expected to respond to long-term opportunities and as a result, would be subject to incurring higher capital expenditure. This opens opportunities for financiers offering education infrastructure loans to tap into.

- **Technological Advancements:** The integration of technology in education, such as e-learning platforms, smart classrooms, and digital libraries, requires investments in infrastructure and technology upgrades, driving the need for funding through education infrastructure loans.

- **Private Sector Participation:** The involvement of private players in the education sector, including corporate-run schools, universities, and coaching institutes, has led to increased investment in education infrastructure, with many institutions opting for loans to finance their projects.

- **Foreign Direct Investment (FDI):** The liberalization of FDI norms in the education sector has encouraged foreign investors to invest in educational infrastructure projects in India, providing an additional funding avenue through loans.

- **Increasing Finance Penetration:** Players offering education infrastructure loans and growth capital to educational institutions across management type, location etc. have seen an increase in finance penetration because more schools are upgrading the existing infrastructure in schools to meet the demand of the students. Further, rising awareness levels among the educational institutions on availing loans of this nature has also led to a rise in finance penetration.

- **Skill Development Initiatives:** Government-led skill development initiatives, vocational training programs are driving the need for infrastructure development in educational institutions, creating opportunities for education infrastructure loans.

- **Social Impact Investing:** There is a growing trend of social impact investing, where investors seek to generate positive social outcomes alongside financial returns. Investments in education infrastructure projects align with this trend, attracting funding through loans from socially responsible investors.

Addressable market (Cumulative Infrastructure spending & Working capital requirement of education institutions) for financiers is estimated at Rs. 13-13.5 trillion between fiscal years 2023-24 & 2028-29

According to CRISIL MI&A, the total revenue generated by private unaided schools with a minimum enrolment of 250 students is estimated at Rs. 28 trillion between fiscal year 2024 and fiscal year 2029. The total infrastructure spending of the education institutions is estimated to reach ~Rs 7 trillion between fiscal 2024 and fiscal 2029. CRISIL estimates this to have grown from Rs. 594 billion in fiscal 2022 to Rs. 889 billion in fiscal 2024, growing at a CAGR ~22% (3-year CAGR of ~13% between fiscal 2021 and fiscal 2024). The working capital requirement of the education institutions (which includes salaries paid to teachers and staff, expenses incurred for utilities and maintenance of schools and other expenses) is estimated to be ~Rs. 782 billion in fiscal 2024, growing at CAGR of 22.3% between fiscal 2022 and fiscal 2024 (3-year CAGR of ~13.1% between fiscal 2021 and fiscal 2024). CRISIL projects total working capital requirement of schools between fiscal 2024 and fiscal 2029 to reach Rs. 6-6.2 trillion. As a result, the total addressable market at an overall level, including the infrastructure spending and working capital requirement of the schools between fiscal year 2023-24 and 2028-29 to reach Rs. 13.0-13.5 trillion.

Growth in K-12 enrolments is estimated to be driven primarily by the private unaided schools, thereby driving their need to place upgrade existing infrastructure. Private unaided institutions in the K-12 market, responding to the long-term growth opportunity of developing infrastructure facilities, are making significant capital expenditure. Propelled by factors including technology integration into the curriculum, increasing aspirations/needs of families and students, increased focus on holistic development of the student, higher capital expenditure by these institutions is expected continue in the future as well. This offers an immense opportunity for financiers lending education infrastructure loans to offer growth capital to this category.

Estimated Total Revenue of Private Unaided K-12 Institutions between FY2023-24 & FY2028-29

Cumulative Number of Students (in million) between FY2023-24 & FY2028-29	Estimated Average Tuition Fee (in Rs)	Revenue (Rs in Billion)
~559 million	49,700 – 50,700	~27,500 – 28,500

Note: Above numbers are estimated; Source: UDISE, NSSO, CRISIL MI&A Estimates

Estimated Infra Spending by Private Unaided Schools between FY2023-24 & FY2028-29

Average Capital Expenditure Incurred by Schools as a Proportion of Average Revenue (%)	Total Addressable market (Rs in Billion)
25%	6,970 – 7,060

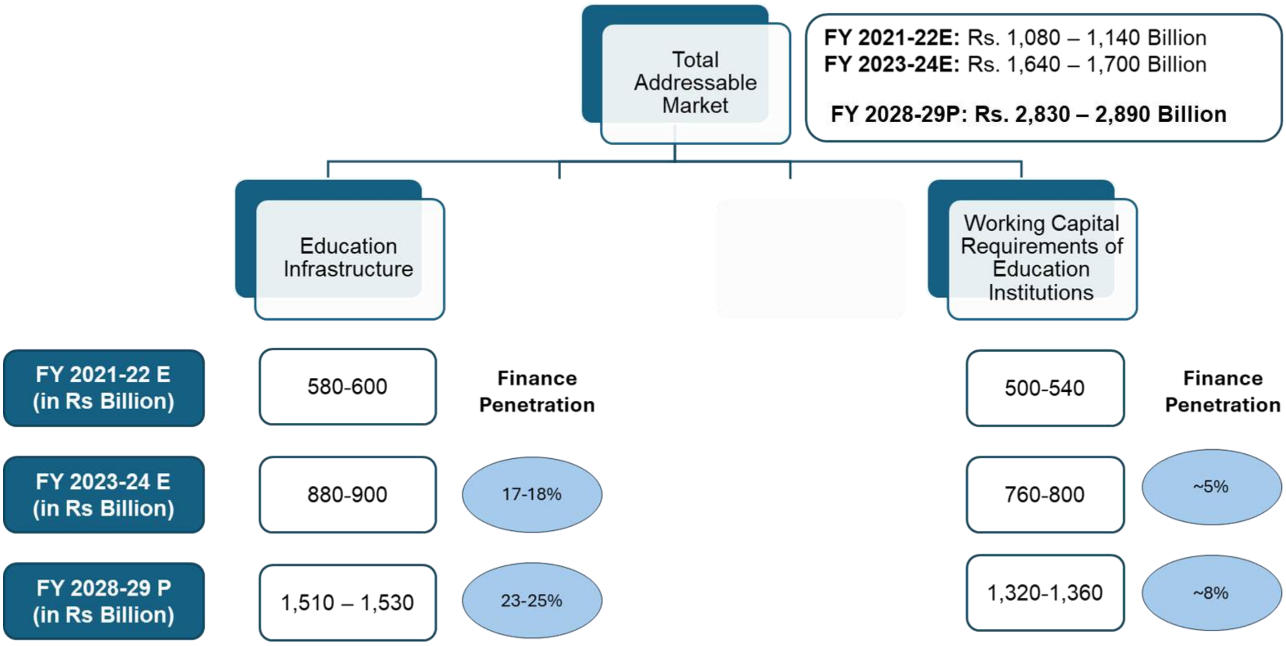
Note: Above numbers are estimated; Source: CRISIL MI&A Estimates

Estimated Working Capital Requirement of Private Unaided Schools between FY2023-24 & FY2028-29

Average Working Capital as a Proportion of Average Revenue (%)	Total Addressable market (Rs in Billion)
22%	6,100 – 6,200

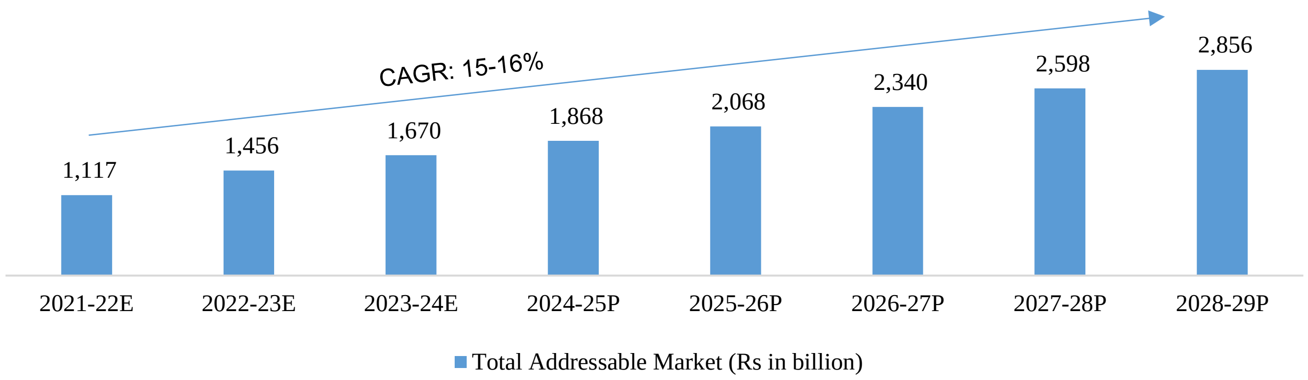
Note: Above numbers are estimated; Source: CRISIL MI&A Estimates

Infrastructure spending and Working capital requirements of Education Institutions



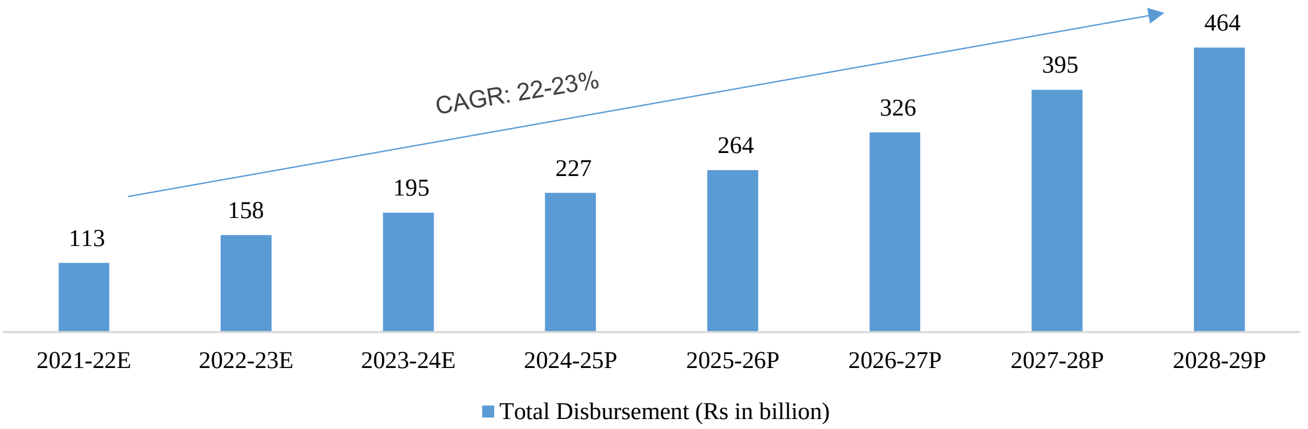
Note: E: Estimated, P: Projected, Years denote Fiscal Year; Source: UDISE, NSSO, CRISIL MI&A Estimates

Infrastructure spending & Working Capital requirement of Education Institutions is expected to reach ~Rs 2.9 trillion during fiscal year 2028-29, growing at a CAGR of ~15-16% between fiscal years 2021-22 and 2028-29



Note: E: Estimated, P: Projected, Years denote Fiscal Year; Source: UDISE, NSSO, CRISIL MI&A Estimates

Disbursements estimated to grow at 22-23% between fiscal years 2021-22 & 2028-29



Note: E: Estimated, P: Projected, Years denote Fiscal Year; Source: UDISE, NSSO, CRISIL MI&A Estimates

Overall finance penetration is expected to see a steady increase in the medium term, reaching ~16.2% by the end of fiscal year 2028-29 from an estimated 11.6% in 2023-24

Total finance penetration (including working capital, infrastructure) is estimated at ~11.6% for fiscal 2024 and is expected to reach 16.2% by the end of fiscal 2029. CRISIL MI&A expects the finance penetration rates to see a steady increase across both categories. Factors enabling this growth are attributed to accommodating the increasing student enrolment because of rising demand for education, key collective efforts from the government supporting GER targets, improving quality of teachers and pedagogy, adapting to technological advancements, private sector participation, and a favourable investment climate.

Underwriting Education Infrastructure Loans

The underwriting process for education infrastructure loans in India involves assessment borrower creditworthiness and viability of the project. Throughout the process, the lender works closely with the educational institution to gather necessary information, address concerns, and ensure transparency in the loan approval process. Key elements of underwriting considered by financiers when trying to evaluate a request for an education infrastructure loan:

- **Application Submission:** The educational institution submits a loan application to the lender, providing details about the proposed infrastructure project, including purpose of the loan, project cost, timeline, and other relevant information.

- **Documentation Review:** The lender reviews the application and required documentation, which may include financial statements, project feasibility studies, property documents, legal clearances, and any other supporting documents.

- **Promoter Assessment:** The lenders assess the Promoters, his/her creditworthiness, structure of the trust, the track record of the trust while evaluating the school for financing.

- **Credit Assessment:** The lender conducts a thorough credit assessment of the educational institution to evaluate its financial stability, repayment capacity, past credit history, management track record, as well as overall creditworthiness. Further financiers also define various guardrails such as minimum of students, vintage, leverage thresholds apart from standard credit parameters

- **Collateral Evaluation:** If collateral is required for the loan, the lender evaluates the value and quality of the proposed collateral to determine its adequacy to secure the loan amount.

- **Project Feasibility Analysis:** The lender assesses the feasibility of the proposed infrastructure project, considering factors such as demand for educational services, market dynamics, competition, regulatory requirements, and potential risks. Further, it also looks at how the enrolments, tuition fee and the revenue potential of the school would change in future, subject to implementation of the project.

- **Cash Flow Analysis:** The lender analyses the cash flow projections of the educational institution to ensure that it will generate sufficient revenue to repay the loan on time, considering operating expenses, loan repayment obligations, and other financial commitments of the institution.

- **Risk Assessment:** The lender conducts a comprehensive risk assessment to identify potential risks associated with the loan, including credit risk and project-specific risks.

- **Loan Structuring:** Based on the findings of the underwriting process, the lender structures the loan terms, including loan amount, interest rate, repayment schedule, tenure, and other relevant terms to mitigate the risk.

Threats & Challenges in Educational Institutions loan for the Financiers:

Financiers providing loans to educational institutions face several risks, which include the following:

- **Construction and Project Risk:** For loans used to fund an institution's infrastructure projects, there is a risk of cost overruns, delays, or project failures that can affect the institution's ability to repay the loan.

- **Market Risk:** Shifts in the education market, such as declining enrolment rates, increased competition, or changing demand for certain types of education, can impact the institution's revenue streams.

- **Natural Disaster Risk:** Institutions may be affected by natural disasters, which can disrupt operations, damage infrastructure, and impact financial stability.

Peer Comparison

For Peer Benchmarking, CRISIL has considered NBFCs, which are focused on Education loans and Education Infrastructure Loans. The NBFCs focused on education loans include HDFC Credila Financial Services Limited ("**HDFC Credila**"), Avanse Financial Services Limited ("**Avanse**") and Auxilo Finserve Private Limited ("**Auxilo**") based on the size of AUM.

Other NBFCs focused on education infrastructure loans include Varthana Finance Private Limited ("**Varthana**") and Shiksha Financial Services Limited ("**Shiksha**") which have been considered for the peer comparison.

Avanse has the highest average ticket size of education loans disbursed by peers

The average ticket size of student loans - international offered stood at Rs 3.31 million for Avanse which was higher than the average ticket size of loans offered HDFC Credila (~Rs. 2.0-2.5 million) and Auxilo (Rs. 2.0 million). Typically, education institutions of higher quality tend to command higher fees, thereby resulting in higher ticket size loans availed by students.

Average ticket size among peers

Players	Average Ticket Size
Student Loans Focused NBFCs	
HDFC Credila	Rs. 2.0-2.5 million
Avanse	< Rs.3.31 million
Auxilo	~ Rs. 2.0 million
Education Institution Loans Focused NBFCs	
Varthana	< Rs. 30 million
Shiksha	Rs. 0.015 – 0.030 million

Note: N.A – Not Available; Source: Company Reports, Company Website, CRISIL MI&A

HDFC Credila and Auxilo places high focus on catering to the education loans

While HDFC Credila and Auxilo are primarily focused on education loans, Avanse is one of the multi-products NBFC with Student loans - International forming 78.28% of its lending book, rest comprising largely of Education Institution Loans and Education Loan (Domestic) and residual MSME focused business which was discontinued in fiscal 2020.

Avanse, is the second-largest education focused NBFC in India by AUM as of March 2023 & March 2024, and offers a full stack education offering with products ranging from education loans for students, to growth capital for education institutions via education infrastructure loans.

Among the educational institution focused NBFCs, Shiksha is more focused towards Loan Against Property and Microfinance loans through a business correspondent while Varthana has strong focus on school financing.

Product wise advances mix as of March 2024

Players	Student Loan International	Education Institution Loan	Education Loan – Domestic	Others
Student Loans Focused NBFCs				
HDFC Credila	100%	-	-	-
Avanse	78.28%	17.04%	2.71%	1.97%*
Auxilo^	95%	5%	-	-
Education Institution Loans Focused NBFCs				
Varthana^^	5.20%	94.80%**	-	-
Shiksha^^	9%	-	-	91%***

Note: (^)- Data as of September 2023; (^^) – Data as of Fiscal 2023; (*) – Others include – Cross sell, LAP & loans purchased under direct assignment & discontinued business - non-education focused lending which was discontinued in FY20; (**) Includes Secured and unsecured loans offered to educational institutions; (***) - Others include - LAP loan portfolio (own book) and MFI, BC portfolio (managed book)

Avanse has a wide coverage with strong focus on offering education loans across countries

As of 31st March, 2024 Avanse offered a wide coverage of offering loans to students going to 49+ countries. Avanse also works with 1,500+ counsellors, aggregators and loan intermediaries to further increase the reach and support offered to students availing education loans. As per the website of HDFC Credila, they have offered loans to students across 61 countries as of March 2024. HDFC Credila and Avanse have a network on 25 and 12 branches respectively at end of March 2024.

Avanse Financial Services and its subsidiary together is the first financial institution in India to offer both Indian Rupee and foreign currency denominated student loans ("Foreign Currency Loans") for studying overseas. While Avanse Financial Services offers loans in Indian currency, Foreign Currency Loans are offered by its wholly owned subsidiary Avanse Global Finance IFSC Private Limited, registered with IFSCA as a 'Finance Company' at GIFT City, Gandhinagar, Gujarat.

Distribution footprint of Peers – March 2023 & March 2024

NBFCs	Employees		Branches	
	March 2023	March 2024	March 2023	March 2024
Student Loans Focused NBFCs				
HDFC Credila	462	N.A.	25	25
Avanse	521	672	12^	12^
Auxilo	263	349	7	7*
Education Institution Loans Focused NBFCs				
Varthana	N.A.	N.A.	41	38
Shiksha	283	N.A.	39	N.A.

*Note: N.A – Not Available; *As of 31st December 2023; ^ Data doesn't include 7 Sales Representative Offices; Source: Company Reports, CRISIL MI&A*

Avanse is the second largest education focused NBFC in India by AUM as of March 2023 & March 2024; Avanse is also the second largest education focused NBFC in India by Disbursements in Fiscal 2023

The overall Assets Under Management (AUM) of Avanse was Rs. 133.0 billion as of March 2024, clocking the second highest 3-year CAGR of 62% between March 2021 and March 2024 among the peers considered. With a strong focus on overseas education loans and education infrastructure loans, Avanse recorded disbursements of Rs. 63.4 billion in fiscal 2024, clocking 3-year CAGR of 87% between fiscal 2021 and fiscal 2024. Avanse also recorded the second highest disbursements for fiscal 2023 and registered the second highest growth in disbursements from fiscal 2020 to fiscal 2023, with a CAGR of 80%. In fiscal 2024, Avanse also reported the second-highest profit after tax of Rs 3.4 billion, led by HDFC Credila with Rs 5.3 billion.

Size of the companies (FY24 / March 2024)

Players	AUM (Rs Million) Mar-24	AUM CAGR (Mar 21-Mar 24)	Disbursements (Rs Million) FY24	Disbursements CAGR (FY21-FY24)	PAT (Rs Million) Mar 24	PAT CAGR (Mar 21-Mar 24)	Shareholder's Equity (Mar-24)
Student Loans Focused NBFCs							
HDFC Credila	280,832^	65%^	N.A.	N.A.	5,288	50%	50,434
Avanse	133,031	62%	63,350	86%	3,424	108%	36.767
Auxilo	28,785	75%	13,435	136%	692	93%	9,883
Education Institution Loans Focused NBFCs							
Varthana	11,370*	21%**	N.A.	N.A.	N.A.	N.A.	N.A.
Shiksha	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

*Note: N.A. – Not Available; ^Data pertains to net advances; *Data as of 31st December 2023; **AUM growth from 31st March 2023 to 31st December 2023*
Source: Company Reports, CRISIL MI&A

Size of the Companies (FY23/ March 2023)

NBFCs	AUM (Rs Million) March 2023	AUM CAGR (March 2020 – March 2023)	Disbursements (Rs Million) FY23	Disbursements CAGR (FY20-FY23)	PAT (Rs Million) FY23	PAT CAGR (FY20-FY23)	Shareholder's Equity (March 2023)
Student Loans Focused NBFCs							
HDFC Credila	152,980	35%	79,920	56%	2,759	30.9%	24,351
Avanse	86,461	42%	61,416	80%	1,577	94.2%	21,497
Auxilo	16,905	47%	10,162	216%*	257	102.9%	4,583
Education Institution Loans Focused NBFCs							
Varthana	9,384	-5%	3,720	2%	1,208	-29.1%	4,026
Shiksha	653	-29%	49	-58%	(169)	N.Ap.	564

Note: N.Ap.: Not Applicable; (*) – CAGR for FY21-23 has been computed basis availability; Players have been arranged in descending order of AUM as of Fiscal 2023; Source: Company Reports, CRISIL MI&A

Avanse reported the highest net interest margins and second highest yield on advances in fiscal 2024 among the select peers

At end of fiscal 2024, Avanse reported highest net interest margin, standing at 4.72% amongst the peers considered. Auxilo reported the second highest net interest margin at 4.68%, followed by HDFC Credila at 3.71% in fiscal 2024. Avanse also reported second highest yield on advances of 13.35%, followed by HDFC Credila at 12.10%. Auxilo (13.76%) had the highest yield on advances.

Profitability Parameters – Fiscal 2024

Players	Yield on advances (%)	Cost of funds (%)	NIMs (%)	Total Income (%)
Student Loans Focused NBFCs				
HDFC Credila	12.10%*	8.72%	3.71%	11.54%
Avanse	13.35%	10.10%	4.72%	14.36%
Auxilo	13.76%	10.26%	4.68%	13.80%
Education Institution Loans Focused NBFCs				
Varthana	N.A.	N.A.	N.A.	N.A.
Shiksha	N.A.	N.A.	N.A.	N.A.

Note: NA: Not Available; (*) Yield on advances calculated on interest income as a % of average advances; Source: Company Reports, CRISIL MI&A

Profitability Parameters – Fiscal 2023

NBFCs	Yield on advances (%)	Cost of funds (%)	NIMs (%)	Total Income (%)
Student Loans Focused NBFCs				
HDFC Credila	10.83%	7.68%	3.93%	10.58%
Avanse	12.98%	9.55%**	4.57%	13.04%
Auxilo	13.79%	9.96%	5.27%	13.55%
Education Institution Loans Focused NBFCs				
Varthana	17.81%	11.17%	8.76%	17.17%
Shiksha	15.97%*	15.58%	5.68%	22.31%

*Note: (*) Yield on advances calculated on interest income as a % of average advances ** Includes Securitisation*
Source: Company Reports, CRISIL MI&A

Borrowing mix of players – March 2024

NBFCs	Bonds/NCDs	Loans from banks, FIs	Commercial paper	Others
Student Loans Focused NBFCs				
HDFC Credila*	17.29%	74.01%	6.29%	2.41%
Avanse	30.62%	58.59%	-	10.79%
Auxilo	10.29%	84.45%	-	5.25%
Education Institution Loans Focused NBFCs				
Varthana	N.A.	N.A.	N.A.	N.A.
Shiksha**	38.1%	25.9%	-	36%

Note: (*): Data as of 31st December 2023; (**): Data as of 31st March 2023; NA: Not Available; Source: Company Reports, CRISIL MI&A

Avanse reported the best return on assets under management as of Fiscal 2024

Avanse generated the highest return on average assets under management (AUM) at 3.12% as of Fiscal 2024, followed by Auxilo at 3.05% and HDFC Credila at 2.44% during the same period.

Avanse is among the top two players with one of the lowest cost to income and operating expense to total assets ratio amongst the considered peer set as of Fiscal 2024

Avanse is among the top players with one of the lowest cost to income ratio of 36.84%, only behind HDFC Credila (27.10%) as of Fiscal 2024. Avanse is also among the top two players with the best operating expense to total assets ratio at 2.61% in Fiscal 2024.

Avanse is among the top two players with one of the best opex to AUM ratio as of Fiscal 2024

Avanse has one of the lowest opex to AUM ratio at 2.86% of fiscal 2024 among the peers considered. This was led by HDFC Credila with an opex to AUM at 1.30% during the same period. Auxilo reported an opex to AUM ratio of 3.18% as of fiscal 2024 which was the highest in the peer set considered.

Avanse has one of the highest pre-provision operating profit margin amongst its peers as of Fiscal 2024

Avanse is among the top two players with the highest pre-provision operating profit (PPOP) margin of 31.17% as of Fiscal 2024. HDFC Credila reported the highest PPOP margin of 27.36% during the same period.

Avanse reported one of the best asset quality amongst the peers considered as of Fiscal 2024

As of fiscal 2024, the asset quality of Avanse was among the best in the peers considered with a GNPA ratio of 0.43%, followed by Auxilo (0.87%). HDFC Credila has the best asset quality of 0.08% amongst the peer set during the same period. Avanse also reported a lower NNPA ratio of 0.13% in fiscal 2024. Avanse's student loan portfolio - International reported a GNPA of 0.08% as of fiscal 2024.

Avanse reported the highest Provision Coverage Ratio among the peer set considered as of Fiscal 2024

The provision coverage ratio of Avanse was the highest among peers and stands at a healthy rate of 69.77% as of Fiscal 2024. This was followed by HDFC Credila with 62.50% and Auxilo with 42.53% as of Fiscal 2024.

Avanse reported highest RoA and second highest RoE among peers considered at end of fiscal 2024

Avanse recorded the highest RoA of 2.84% and second highest RoE of 11.75% among the peer set considered as of fiscal 2024. This was followed by Auxilo with an RoA of 2.60%. HDFC Credila recorded the highest RoE of 14.14% and RoA of 2.20% respectively for fiscal 2024.

Avanse is adequately levered at 2.76x as of fiscal 2024

Among the student loan focused NBFCs, Avanse is adequately levered at 2.76x as of fiscal 2024, while Auxilo was leveraged at 2.37x during the same period. HDFC Credila's leverage stood at 5.16x as of fiscal 2024. Avanse holds a Capital Adequacy Ratio (CRAR) of 24.86% as of fiscal 2023, well above the mandatory requirement. Among the educational institution focused lenders, Shiksha, Varthana held a higher CRAR.

Key ratios– FY24 / March 2024

Players	AUM/Branch (Rs million)	Cost to Income (%)	Opex to Total Assets (%)	Opex to AUM (%)	PPOP (%)	GNPA (%)	NNPA (%)	Credit cost (%)	Provision Coverage Ratio (%)	RoA (%)	Return on Assets Under Management (%)	RoE (%)	Leverage (times)	CRAR (%)
	Student Loans Focused NBFCs													
HDFC Credila	11,233	27.10%	1.17%	1.30%	27.36%	0.08%	0.03%	0.21%	62.50%	2.20%	2.44%	14.14%	5.16	N.A.
Avanse	11,086	36.84%	2.61%	2.86%	31.17%	0.43%	0.13%	0.66%	69.77%	2.84%	3.12%	11.75%	2.76	N.A.
Auxilo	4,112	42.18%	2.73%	3.18%	27.08%	0.87%	0.50%	0.26%	42.53%	2.60%	3.03%	9.57%	2.37	31.49%
	Education Institution Loans Focused NBFCs													
Varthana	252*	N.A.	N.A.	N.A.	N.A.	5.8%*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Shiksha	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

*Note: NA: Not Available, For Avanse, equity infusion of around Rs. 10 billion took place March 24 which is leading to reduction in ROE for the whole year; *As of H1FY24; For HDFC Credila and Auxilo, net advances have been considered in place of AUM for FY24; Source: Company Reports, CRISIL MI&A*

Key Ratios – 9MFY24/ December 2023 Players	RoA (%) (^)	RoE (%) (^)
	Student Loans Focused NBFCs	
HDFC Credila	3.64%	17.18%
Avanse	3.01%	14.28%
Auxilo	2.43%	8.61%
	Education Institution Loans Focused NBFCs	
Varthana	N.A.	N.A.
Shiksha	N.A.	N.A.

Note: NA: Not Available; (^) Annualized Numbers; Source: Company Reports, CRISIL MI&A

Key ratios– FY23/ March 2023

Players	AUM/Branch (Rs million)	Cost to Income (%)	Opex to Total Assets (%)	Opex to AUM (%)	PPOP (%)	GNPA (%)	NNPA (%)	Credit cost (%)	Provision Coverage Ratio (%)	RoA (%)	Return on Assets Under Management (%)	RoE (%)	Leverage (times)	CRAR (%)
	Student Loans Focused NBFCs													
HDFC Credila	5,884	29.43%	1.24%	1.31%	28.13%	0.17%	0.10%	0.08%	41.18%	2.16%	2.29%	14.54%	5.61	20.42%
Avanse	7,205	42.73%	2.53%	2.85%	26.05%	0.56%	0.17%	0.61%	69.64%	2.08%	2.34%	9.99%	3.35	24.86%
Auxilo	2,415	58.84%	3.98%	4.56%	20.57%	1.70%	1.20%	0.32%	29.41%	1.83%	2.09%	6.08%	3.19	24.70%
	Education Institution Loans Focused NBFCs													
Varthana	N.A.	67.88%	7.68%	8.82%	21.16%	6.70%	5.97%	2.96%	10.90%	0.50%	0.57%	1.4%	1.50	57.10%
Shiksha	17	97.85%	15.67%	21.61%	1.55%	43.41%	15.72%	16.22%	63.79%	-12.73%	-17.55%	-26.96%	0.12	88.85%

Source: Company Reports, CRISIL MI&A

Avanse holds a long-term credit rating of AA-

Below table includes the short term & long-term credit rating of the peer set considered, wherein Avanse holds a rating of AA- basis long term rating after HDFC Credila Financial Services holding a rating of AA+.

Credit Ratings of Players

Players	Long Term Rating	Short Term Rating
Student Loans Focused NBFCs		
HDFC Credila	CRISIL AA+/CRISIL AA/Stable (Mar 2024), ICRA AA/ICRA AA-/Stable (Apr 2024), CARE AA/CARE AA-/Stable	CRISIL A1+ (May 2024), ICRA A1+ (Apr 2024)
Avanse	BWR AA – (Jan 2024), CARE AA-/Stable (Feb 2024)	ICRA A1+ (Nov 2023), CARE A1+ (Feb 2024)
Auxilo	CRISIL A+/CRISIL PPMLD A+/Stable (Mar 2024), CARE A+/Stable (Mar 2024)	CARE A1+ (Mar 2024)
Education Institution Loans Focused NBFCs		
Varthana	CRISIL BBB/Stable (Mar 2024)	N.Ap.
Shiksha	N.Ap.	N.Ap.

Note: N.A: Not Applicable; Source: Company Reports, CRISIL MI&A

List of Formulae

Parameters	Formula
RoA	Profit after tax / average of total assets on book (2-point year end average)
RoE	Profit after tax / average net worth (2-point year end average)
NIM	(Interest income – interest expense)/ average of total assets on book (2-point year end average)
Total Income	Total Income/ average of total assets on book (2-point year end average)
Yield on advance	Interest earned on loans and advances / average of total advances on book (2-point year end average)
Cost of borrowing	Interest expenses (excluding interest on lease liabilities)/ (average of deposits and borrowings) (2-point year end average)
Opex	Operating Expenditure (Employee Expenses + Depreciation and amortization expense + Other expenses) / average of total assets on book (2-point year end average)
Opex to AUM	Operating Expenditure (Employee Expenses + Depreciation and amortization expense + Other expenses) / average total assets under management (2-point year end average)
Credit Cost	Provisions / average total assets on book (2-point year end average)
Provision Coverage Ratio	(GNPA – NNPA) / GNPA
Pre-provision operating profit	Total Income - Interest Expense – Opex / Total Income
Cost to income	Operating expenses / (net interest income + other income + fee income)
Return on Assets Managed	Profit after tax / average total assets under management (2-point year end average)
Leverage	Total borrowings / average net worth (2-point year end average)

OUR BUSINESS

Some of the information in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 17 for a discussion of the risks and uncertainties related to those statements and also the section "Risk Factors" on page 26 for a discussion of the risks that may affect our business, financial condition, or results of operations, and "Restated Summary Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 243 and 348, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

We have included several operational and financial performance indicators in this Draft Red Herring Prospectus, many of which may not be derived from our Restated Summary Statements. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions.

*Unless otherwise indicated, industry and market related data used in this section have been derived from the report titled "Assessment of the Education Services and Education Loan Industry in India" dated June 2024 (the "**CRISIL MI&A Report**"), prepared and released by CRISIL Market Intelligence & Analytics, a division of CRISIL Limited ("**CRISIL MI&A**"), which has been paid and commissioned for by our Company pursuant to an engagement letter dated April 24, 2024, for the purpose of confirming our understanding of the industry we operate in, exclusively in connection with the Offer. The CRISIL MI&A Report will be made available on the website of our Company at https://www.avanse.com/industryreport from the date of this Draft Red Herring Prospectus until the Bid/Offer Closing Date. The data included herein includes excerpts from the CRISIL MI&A 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 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 MI&A Report and included herein with respect to any particular year refers to such information for the relevant financial year. See "Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data" and "Risk Factors — Internal Risk Factors — We have referred to the data derived from industry reports commissioned and paid for by our Company from CRISIL Limited exclusively for the purpose of the Offer" on pages 16 and 41, respectively.*

Our Company's Financial Year commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Financial Year are to the 12 months ended March 31 of that particular year. Unless otherwise indicated or the context otherwise requires, the financial information as of and for the Financial Years ended March 31, 2024, 2023 and 2022 included herein is derived from the Restated Summary Statements included in this Draft Red Herring Prospectus. For further information, see "Restated Summary Statements" on page 243. Unless otherwise indicated or the context otherwise requires, in this section, references to "we", "us" and "our" are to the Company together with its Subsidiary on a consolidated basis.

Overview

We are an education focused non-banking financial company ("**NBFC**") operating in India, and according to the CRISIL MI&A Report, as of March 31, 2024, we are the second largest education focused NBFC in India by assets under management ("**AUM**"). According to the CRISIL MI&A Report, we also have the second highest disbursements during the Financial Year 2023 and recorded the second highest profit after tax in Financial Year 2024 among education focused NBFCs in India. According to the CRISIL MI&A Report's description of our business, we offer a full stack education offering with products ranging from education loans for students to growth capital for education institutions through education infrastructure loans. Through our student-loans – international and our education loans – domestic businesses, we provide loans and other value-added services to Indian students and professionals who are admitted to study overseas or at domestic institutions. We also provide collateral-backed financing to private educational institutions in India. Our AUM has increased from ₹48,356.09 million as of March 31, 2022, to ₹86,460.68 million as of March 31, 2023 and ₹133,030.47 million as of March 31, 2024, growing at a CAGR of 65.86% between March 31, 2022 and March 31, 2024. Further, our total income increased to ₹17,288.06 million for the Financial Year 2024 from ₹9,902.29 million for the Financial Year 2023 and ₹5,085.41 million for the Financial Year 2022, and our net profit for the year increased to ₹3,424.03 million for the Financial Year 2024 from ₹1,577.11 million for the Financial Year 2023 and ₹632.07 million for the Financial Year 2022.

As a part of our student loans – international business, we provide education loans to Indian students looking to pursue higher education overseas. As of March 31, 2024, through our student loans – international business, we had loans outstanding to 35,802 students attending 1,264 universities/colleges in 41 countries. Moreover, as of March 31, 2024, our student loans – international business had AUM of ₹104,136.69 million and accounted for 78.28% of our total AUM, with an average sanctioned ticket size of ₹3.07 million per loan. Our student borrower profile for overseas studies typically comprises young and aspirational individuals from diverse backgrounds, often at the beginning of their credit journey and admitted to pursue courses primarily in the Science, Technology, Engineering and Mathematics ("**STEM**") and Business Administration domains. As of March 31, 2024, in our student loans – international business, 73.96% and 23.33% of our students were enrolled in STEM and Master of Business Administration ("**MBA**") courses, respectively.

Our educational institution loans include collateral-backed financing solutions to private educational institutions, which are generally K-12 schools, and as of the dates of respective disbursements, having an average of over 15 years of operations, and located in peripheral areas of tier I cities and in tier II cities and beyond in India. As of March 31, 2024, our educational institution loan business had an AUM of ₹22,662.81 million and accounted for 17.04% of our total AUM, with an average ticket size of ₹13.95 million per loan. We primarily provide business loans for infrastructure development and other capital requirements, with flexible loan tenures, and our experience and domain knowledge enables us to underwrite educational institution loans based on their existing cash flows and income, among other factors. As of March 31, 2024, we had outstanding loans to 1,990 educational institutions in India.

Our education loans – domestic business comprises of loans to Indian students seeking higher education at domestic institutions. This business also includes loans to professionals engaging in executive learning programs, as well as financing for both curriculum fees for students enrolled in accredited schools, and non-curriculum fees associated with skilling programs, executive education, and test preparation courses, all in India. As of March 31, 2024, our education loans – domestic business had an AUM of ₹3,610.28 million and accounted for 2.71% of our total AUM, with an average ticket size of ₹0.17 million per loan. As of March 31, 2024, through our education loans – domestic business, we had loans outstanding to 48,194 students and professionals in India.

We have a student-centric approach to our student loans – international business. We evaluate student's profiles on 20 parameters, including past academic performance, entrance test scores, ranking of university and course admitted to and income potential, among other factors. While we carry out our underwriting operations primarily based on the creditworthiness of the student, we include parents or employed siblings as co-borrowers. Our approach enables us to create customized solutions for students covering a range of expenses including course fees, living expenses and other ancillary costs. Our loan solutions enable students to benefit from flexible payment options during their study period (such as partial interest, simple interest and equated monthly instalments), ensuring payment in such a way that students are not burdened with principal repayment during their academic program. This enables us to keep in touch with student borrowers and their parents during the term of the study. Our granular, diverse and low-risk portfolio is supported by a risk management framework, research-based monitoring and technology-enabled collections framework attuned to diverse borrower behaviour and profiles. We endeavour to have a turnaround time ("**TAT**"), which is the period from the submission of the loan application to sanction, of not more than three days.

We offer a comprehensive suite of value-added services to our borrowers, including life, health and travel insurance, wellness and health benefits package, foreign exchange, financial health report, and opening of overseas bank accounts, which are provided by third parties. This comprehensive suite of value-added services provides convenience to our borrowers and helps us stay engaged with them. We also leverage our borrower base for proposition-led up-selling initiatives, and have commenced providing our existing borrowers analytics-driven, up-sell products such as personal loans and loans against property in India.

We operate on a pan-India basis and have a multi-channel distribution network across our student and educational institution loans businesses, with physical presence in major education hubs in India. According to the CRISIL MI&A Report, education loans focused NBFCs have a differentiated distribution approach with a higher degree of reliance on education counsellors, direct selling agents, and digital channels as compared to a physical branch network which is predominantly required for other traditional loans such as mortgages, MSMEs and LAP. As of March 31, 2024, we have serviced 545 locations in India, maintaining a hybrid presence, and strategically combining our physical branch network of 19 branches and sales representative offices, and staffed with a 215 member sales team, with our distribution network. As of March 31, 2024, our distribution network consisted of 320 active education counsellors and aggregators (agents specializing in education loans), 452 direct selling agents ("**DSAs**"), and our direct acquisition channel which includes our digital marketing initiatives and referrals from existing customers. During Financial Year 2024, for our student loans – international business, 50.30% of our disbursements were sourced through active education counsellors and aggregators, 33.36% through DSAs, and 16.34% through our direct acquisition channel. According to the CRISIL MI&A Report, education consultants and counsellors serve as trusted advisors and advocates for students pursuing overseas education and help them navigate the complexities of studying abroad to achieve their academic and personal goals. Our relationships with a large network of education counsellors provides us with wide coverage in the student loans sector. As of March 31, 2024, our distribution network for our educational institution loans business comprised of 146 active DSAs, and during the Financial Year 2024, 77.89% of our disbursements for our educational institution loans business were sourced through DSAs.

Our AUM increased to ₹133,030.47 million as of March 31, 2024 from ₹86,460.68 million as of March 31, 2023 and ₹48,356.09 million as of March 31, 2022 and our term loans (gross) increased to ₹125,208.55 million as of March 31, 2024 from ₹84,636.37 million as of March 31, 2023 and ₹47,900.19 million as of March 31, 2022, while our Gross Stage 3 Loans (%) reduced to 0.43% as of March 31, 2024 from 0.56% as of March 31, 2023 and 1.29% as of March 31, 2022. This reflects our focus on maintaining and improving our asset quality.

Further, we maintain a well-diversified financing profile resulting in prudent asset liability management ("**ALM**"). As of March 31, 2024, we have maintained a broad spectrum of 38 lending relationships with banks and financial institutions, including public sector banks, private sector banks, multi-national banks, mutual funds and insurance companies. Our credit rating has improved over time, from 'A+/Stable' in September 2019 to 'AA-/Stable' in May 2023 from CARE for term loan facilities and debentures.

The following table sets forth certain operational and financial parameters, as of or for the financial years indicated below:

Parameter	Unit	As of / For the Year Ended March 31, 2024	As of / For the Year Ended March 31, 2023	As of / For the Year Ended March 31, 2022
AUM [1]	₹ in million	133,030.47	86,460.68	48,356.09
AUM Growth[3]	%	53.86	78.80	55.82
Average AUM [2]	₹ in million	110,927.94	68,839.10	38,253.37
Term Loans (Gross) [4]	₹ in million	125,208.55	84,636.37	47,900.19
Term Loans (Gross) Growth[5]	%	47.94	76.69	60.19
Term Loans (Net) [6]	₹ in million	123,968.20	83,712.24	47,159.87
Disbursements [7]	₹ in million	63,350.03	61,416.31	29,284.88
Disbursement Growth	%	3.15	109.72	196.28
Disbursement- Student loan – International	₹ in million	47,127.95	34,079.94	15,512.45
Disbursement Growth- Student loan – International	%	38.29	119.69	289.51
Interest Income	₹ in million	14,437.28	8,930.82	4,764.50
Fees and Commission Income	₹ in million	1,842.97	669.38	278.93
Total Income	₹ in million	17,288.06	9,902.29	5,085.41
Finance Costs [8]	₹ in million	8,756.38	5,398.43	2,738.87
Profit before tax	₹ in million	4,592.92	2,113.15	854.60
Net Profit for the Year	₹ in million	3,424.03	1,577.11	632.07
Total Assets [9]	₹ in million	143,438.35	97,299.51	54,530.15
Net worth	₹ in million	36,767.17	21,497.22	10,096.64
Yield on Average Term Loans (Gross) (%)	%	13.01	12.60	12.32
Average Cost of borrowings	%	9.72	8.90	8.76
Net Interest Margin [10]	%	4.85	4.68	4.96
Operating Expense to Average AUM [11]	%	2.83	2.80	3.40
Cost to Income Ratio [12]	%	36.84	42.74	55.45
Credit cost to Average Term Loans (Gross) [13]	%	0.75	0.69	0.51
Return on Average AUM [14]	%	3.09	2.29	1.65
Return on Average Equity [15]	%	12.81	12.31	6.50
Gross carrying amount of Stage 3 loans	₹ in million	532.35	472.12	618.99
Net carrying amount of state 3 loans	₹ in million	161.28	144.84	251.88
Gross Stage 3 Loans (%) [16]	%	0.43	0.56	1.29
Provision Coverage Ratio [17]	%	69.70	69.32	59.31
Capital to risk weighted assets ratio (CRAR) [18]	%	27.52	24.86	22.96
Total Borrowings to Net Worth Ratio [19]	Times	2.76	3.35	4.06
Number of student loans – international outstanding	Number	35,802	22,746	12,499
Cumulative number of student loans – international disbursed	Number	47,044	31,601	19,367
Cumulative number of countries in student loans – international disbursed	Number	49	48	48
Cumulative number of colleges in student loan – international disbursed	Number	1,585	1,506	1,411
Number of outstanding educational institution loan accounts	Number	1,990	1,699	1,321
Number of value added services products	Number	12	11	10
Number of active education counsellors and aggregators	Number	320	255	190
Number of branches and sales representative offices	Number	19	16	16

Notes:

(1) AUM represents the aggregate of principal outstanding of loan originated by our Company (including assignees' share of loan portfolio transferred under direct assignment and/ or co-lending transactions) and loan portfolio purchased under direct assignment, as on last day of the relevant year.

(2) Average AUM represents the quarterly average of our AUM as of the last day of the relevant quarter and our AUM as of the last day of the previous year.

(3) AUM Growth represents percentage growth in AUM as of the relevant year over AUM of the previous year end.

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

(5) Term Loans (Gross) growth represents percentage growth in Term Loans (Gross) growth as of the relevant year over Term Loans (Gross) growth of the previous year end.

(6) Term Loans (Net) represents the term loans (gross) outstanding as reduced by Impairment loss allowance on such term loans as at the last day of the relevant year.

(7) Disbursements represents the aggregate of all loan amounts disbursed to our customers in the relevant year.

(8) Finance Costs represents the aggregate of finance costs, other borrowing cost, interest on lease liabilities and other interest expenses for the year.

(9) Total Assets represents total assets as of the last day of the relevant year.

(10) Net Interest Margin represents the difference between interest income and finance cost for the relevant year to the average interest earning assets for the relevant year.

(11) Operating Expenses to average AUM (%) represents operating expenses, which include employee benefits expense, depreciation and amortization expense, other expenses for the relevant year upon the average of AUM as of the last day of the relevant year and our total assets as of the last day of the previous year, represented as a percentage.

(12) Cost to Income ratio represents the ratio of total expenses, which include employee benefits expense, depreciation and amortization expense, other expenses

divided by the total income less finance cost for the relevant year, expressed as a percentage.

(13) Credit Cost to Average Term Loans (Gross) represents our credit cost for the year divided by average term loans (gross) for the year.

(14) Return on average AUM represents net profit for the year divided by average AUM as of the last day of the relevant year.

(15) Return on Average Equity is calculated as the net profit for the relevant year as a percentage of average net worth in such year.

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

(17) Provision Coverage Ratio is computed by dividing the impairment loss allowance for Stage 3 loans with Gross carrying amount of Stage 3 loans as at the end of the relevant year

(18) Capital-to-risk weighted assets ratio (CRAR) is computed (on a standalone basis) by dividing our Company's Tier I and Tier II capital by risk weighted assets as of the last day of the year(as computed in accordance with relevant RBI guidelines).

(19) Total Borrowings to Net Worth Ratio is computed by dividing total borrowings by total net worth.

Our Strengths

India's Second Largest Education Focused NBFC by AUM and Disbursements, and Operating in a Large and Growing Addressable Market in India

According to the CRISIL MI&A Report, education loans recorded AUM growth from ₹75 billion during Financial Year 2019 to ₹90 billion during Financial Year 2021 and an estimated ₹418 billion during Financial Year 2024, at a CAGR of 41.1% between Financial Years 2019 and 2024, and a CAGR of 65% between Financial Years 2021 and 2024, which is significantly higher than other asset classes. The CRISIL MI&A Report also describes that NBFCs' share in the overall education loan market also increased from 8% as of March 31, 2019 to 24% as of December 31, 2023. According to the CRISIL MI&A Report, some of the factors that have enabled NBFCs to grow in the market are customised loan products, faster processing and quick TAT, specialized underwriting, personalised customer service, innovative financing options, fewer stringent documentation requirements, value-added services and differentiated distribution approach.

The CRISIL MI&A Report states that the overseas education market (expenditure incurred by students going abroad) in India has been experiencing significant growth in recent years and is estimated to have reached ₹5 trillion in calendar year 2023, driven by an increasing number of Indian students seeking international exposure, high-quality education and the rising cost of attendance. Moreover, according to the CRISIL MI&A Report, the overseas education loans portfolio is expected to cross approximately ₹3.0 trillion as of calendar year 2028. The CRISIL MI&A also describes that infrastructure spending and working capital requirement of education institutions is expected to reach approximately ₹2.9 trillion during the Financial Year 2029, growing at a CAGR of approximately 15-16% between the Financial Years 2022 and 2029. This presents us with a significant opportunity to grow our business and interest income.

We are an education focused NBFC operating in India, and according to the CRISIL MI&A Report, as of March 31, 2024, we are the second largest education focused NBFC in India by AUM. According to the CRISIL MI&A Report, we also have the second highest disbursements during the Financial Year 2023 and recorded the second highest profit after tax in Financial Year 2024 among education focused NBFCs in India. According to the CRISIL MI&A Report's description of our business, we offer a full stack education offering with products ranging from education loans for students to growth capital for education institutions through education infrastructure loans. Through our student-loans – international and our education loans – domestic businesses, we provide loans and other value-added services to Indian students and professionals who are admitted to study overseas or at domestic institutions. We also provide collateral-backed financing to private educational institutions in India. According to the CRISIL MI&A Report, along with our subsidiary Avanse Global Finance IFSC Limited, we are the first financial institution in India to offer both Indian Rupee and foreign currency denominated student loans for overseas studies.

We offer a comprehensive suite of value-added services to our borrowers, including life, health and travel insurance, wellness and health benefits package, foreign exchange, financial health report, and opening of overseas bank accounts, which are provided by third parties. We also leverage our borrower base for proposition-led up-selling initiatives, and have commenced providing our existing borrowers analytics-driven, up-sell products such as personal loans and loans against property in India. Our AUM has increased to ₹133,030.47 million as of March 31, 2024 from ₹86,460.68 million as of March 31, 2023 and ₹48,356.09 million as of March 31, 2022, growing at a CAGR of 65.86% between March 31, 2022 and March 31, 2024. Further, our total income increased to ₹17,288.06 million for the Financial Year 2024 from ₹9,902.29 million for the Financial Year 2023 and ₹5,085.41 million for the Financial Year 2022, and our net profit for the year increased to ₹3,424.03 million for the Financial Year 2024 from ₹1,577.11 million for the Financial Year 2023 and ₹632.07 million for the Financial Year 2022.

Pan-India, Multi-Channel Distribution Presence, Enabling Widespread Coverage with Limited Reliance on Branches

We operate on a pan-India basis and have a multi-channel distribution network across our student and educational institution loans businesses, with physical locations in major education hubs in India. According to the CRISIL MI&A Report, education loans focused NBFCs have a differentiated distribution approach with a higher degree of reliance on education counsellors, DSAs, and digital channels as compared to a physical branch network which is predominantly required for other traditional loans such as mortgages, MSMEs and LAP. As of March 31, 2024, we serviced 545 locations in India, maintaining a hybrid presence, and strategically combining a physical branch network of 19 branches and sales representative offices, staffed with a 215 member sales team, with our distribution network. Our distribution network comprises our in-house sales team, active education counsellors and aggregators, DSAs and our direct acquisition channels. As of March 31, 2024, 17.66% of our disbursements was sourced through our direct acquisition channels, 37.43% through active education counsellors and aggregators, 39.78% through DSAs and 5.13% loan service providers.

We have made investments in direct channels of marketing, including by building our sales team, thereby creating awareness for our brand and contributing to student loan applications directly. We have deployed marketing campaigns backed by our content strategy through search engine marketing as well as social media campaigns to generate student, parent and educational institution interest. We generate and present topical education related content on our website. Further, we generate applications from our existing borrower base through referral campaigns. Our domain knowledge translated through training enables our sales team to source and sanction more leads, thereby growing our business.

Education counsellors also play a crucial role in the overseas education journey of a student. Our relationships with a large network of education counsellors, provides us a wide coverage in the student loans sector. While the key revenue source for education counsellors is the placement fee received from students and, at times, educational institutions following enrolment, education financing is a key enabler in the enrolment process, playing a crucial factor in the education counsellors' income generation process. Moreover, we incentivise education counsellors to collaborate with us through referral fees and our wide range of products and services. The number of active education counsellors and aggregators within our network has grown steadily to 320 as of March 31, 2024 from 255 as of March 31, 2023 and 190 as of March 31, 2022. This growth of our network of active education counsellors and aggregators has also led to a reduction in concentration of AUM generated from our material active education counsellors and aggregators. Furthermore, our sales team interacts with education counsellors and educational institutions to understand their needs and guide the students through the loan application process.

In our educational institution loans business, we work with DSAs to source business. Our DSA relationships have grown from 101 as of March 31, 2022 to 143 as of March 31, 2023 and 146 as of March 31, 2024. Our domain knowledge and understanding of school trust and society organizational structures prevalent in India, coupled with ability to underwrite loans to educational institutions based on their cash flows enables DSAs to source more leads, thereby, enhancing their revenue stream.

Our distribution network allows us to operate without significant capital expenditure in fixed assets and enables us to grow without having to materially increase our number of branches and sales representative offices. Our AUM per branch has also increased at a CAGR of 52.21% between March 31, 2022 and March 31, 2024, from ₹3,022.26 million as of March 31, 2022 to ₹5,403.79 million as of March 31, 2023 and ₹7,001.60 million as of March 31, 2024.

Data-Analytics Driven Underwriting Backed by a Robust Enterprise Risk Management and Collections Framework, Leading to a Healthy Asset Quality

According to the CRISIL MI&A Report, education loans had the best asset quality and lowest GNPA across asset classes for NBFCs for Financial Years 2024, 2023 and 2022. The CRISIL MI&A Report also describes that the specialised underwriting model of education loan NBFCs facilitates better asset quality than other loan products such as personal loans.

We utilize our industry expertise and our robust risk management and collections framework to implement underwriting processes tailored to student loans and educational institution loans.

Student Loan Underwriting

We adopt a student-centric approach to underwriting with an analytics-led 'scorecard-based' model to assess a student's future employability and earning potential. We evaluate student profiles on 20 parameters, including past academic performance, entrance test scores, ranking of university and course admitted to and income potential, among other factors. We also analyse co-borrower's creditworthiness through credit bureau scores (usually one or both parents or employed siblings of the student availing a loan). Moreover, our efficient processing leads to a good borrowing experience. As of March 31, 2024, in our student loans – international business, over 73.96% and 23.33% of our students were enrolled in STEM and MBA courses, respectively. For the Financial Year 2024, 93.88% of disbursements in our student loans – international business were made to co-borrowers with CIBIL score greater than 700.

Educational Institution Loan Underwriting

Our underwriting process for educational institution loans focuses on the financial performance of the institution (such as its cash flows, income and profitability), the vintage of the institution, the number of students attending as well as the profile of the promoters. We provide educational institution loans that include collateral-backed financing solutions to private educational institutions, which are generally K-12 schools, and as of the dates of respective disbursements, have an average of over 15 years of operations. These educational institutions are located in peripheral areas of tier I cities and in tier II cities and beyond in India. As of March 31, 2024, we had loans outstanding to 1,990 educational institutions in India, and 66.43% of our loans to educational institutions had a loan-to-value ratio below 50%. As of March 31, 2024, 68.99% of our educational institution borrowers have been operational for 10 years or more, while another 14.42% have been operational between 5 to 10 years, providing a substantial track record for assessment of existing cash flows and income. Further, as of March 31, 2024, 94.47% of our educational institution borrowers had more than 300 students, as of the respective date of approval of the loan to them.

Enterprise Risk Management

We have a robust risk management framework in place to identify, monitor and manage risk to ensure our stability and sustainability. Through data analytics and research, we monitor key risk indicators for each risk category across credit risk, operational risk, market risk and certain other risks (such as data security, compliance and reputation). The key risk indicators are reviewed on a quarterly basis by the risk management committee of the board of directors.

In addition, for the student loans - international business we have developed a research led proactive risk management approach wherein we track global macro-economic parameters, visa and immigration policies and country specific emerging trends to gain actionable insights on product design and credit policy related enhancements.

Analytics-based In-house Collection Framework

We have an analytics led, primarily, in-house collections framework. We utilize an end-to-end collection platform, AlgoCollect, to cover the entire collection life cycle (predict to collect). This platform enables differentiated communications strategy based on risk categorization of the borrowers, provides multiple payment options and integrates receipting with the loan management system. We have also developed an AI-ML enabled proprietary model to assist our collections team by predicting the propensity to bounce leading to consistent collection efficiencies. Such measures of our business model have resulted in a healthy asset quality evidenced by our gross stage 3 loans (%) of 0.43% for our overall business and 0.08% for our student loans – international business, as of March 31, 2024.

Healthy Asset Quality

As of March 31, 2024, we disbursed loans aggregating to ₹123,655.27 million under our student loan – international business since the commencement of our operations. We monitor the performance on the static pool with 22.28% of our disbursements (aggregating to ₹27,547.68 million) having a vintage of more than 36 months, 18.81% of our disbursements (aggregating to ₹23,254.69 million) having a vintage of more than 48 months and 16.04% of our disbursements (aggregating to ₹19,831.65 million) having a vintage of more than 60 months. This asset quality trend reflects gross stage 3 loans (%) of 0.34% at 36 months on book ("**MOB**") and 0.39% at 48 MOB and 0.72% at 60 MOB, with subsequent recovery.

Our disbursements with vintage ranging between 48 MOB and 60 MOB reflect lower gross carrying amount of stage 3 loans at 36 MOB and 48 MOB as compared to disbursements with a vintage greater or equal to 60 MOB. Moreover, disbursements with a vintage between 36 MOB and 48 MOB reflect lower gross carrying amount of stage 3 loans at MOB-36 as compared to disbursements with vintage greater or equal to 48 MOB, indicating a continued improvement in quality of recent disbursements.

The table below sets out details of our disbursements, as of March 31, 2024:

Disbursement Vintage (MOB)	**Disbursements (₹ million)**	**Percentage of Life-time Disbursements**	**90+ Delinquency**				
			MOB-36	**MOB-48**	**MOB-60**	**MOB-72**	**MOB-84**
> 60	19,831.65	16.04%	0.41%	0.45%	0.72%	0.61%	0.25%
> 48	23,254.69	18.81%	0.36%	0.39%	-	-	-
> 36	27,547.68	22.28%	0.34%	-	-	-	-

* *As of March 31, 2024, approximately 85% of our gross loan book runs down by the 84th month on book bucket (7 years).*

Technology and Analytics-Driven Business, with Scalable Operating Model

Technology has been at the forefront of our operations to drive distribution reach, operational and collection efficiency and overall borrower experience. We have adopted a cloud first approach and our technology systems are scalable to cater to various student profiles, with enhanced application performance and cost efficiency. We have also implemented security solutions utilising an integrated security information and incident management tool. We also have an API driven technology landscape, enabling us to handle the requirements of various product types.

Our end-to-end technology-enabled platform integrates physical and digital touchpoints during the loan life cycle, such as:

- *Sourcing:* We digitally onboard new educational service providers and DSAs on our portal. Our API framework integrates with a large network of active education counsellors and aggregators enabling extended distribution reach.

- *Application Processing:* Our loan origination platform enables application processing in an assisted manner, leveraging the digital public infrastructure for paperless fulfilment of applications.

- *Underwriting*: We use an AI-ML enabled business rule engine powered through a failsafe bureau framework for straight through processing and credit policy administration. We have also developed an in-house scorecard for underwriting of student loans for better risk grading and pricing. The scorecard uses a combination of alternate and traditional behavioural data and has been built over our experience in student lending.

- *Borrower Services and Engagement:* We utilise a multichannel approach to customer service with communication prior to and post disbursement through our customer portal, an instant messaging bot service and e-mails. We have also implemented a customer relationship management ("**CRM**") platform for handling queries, requests and complaints.

Our initiatives, including technology systems, have resulted in operating efficiencies with our cost to income ratio declining from 55.45% in the Financial Year 2022 to 36.84% in the Financial Year 2024.

Well Diversified Liability Profile with a Prudent Approach to Asset Liability Management

With a prudent approach to ALM, we maintain a well-diversified liability profile and have maintained a broad spectrum of lending relationships across banks and financial institutions. This includes public sector banks, private sector banks (including foreign banks), mutual funds, insurance companies and corporates. We raise funds through instruments such as rupee term loans, non-convertible debentures, external commercial borrowings, commercial paper, securitisation and direct assignment and co-lending transactions. This helps mitigates risk related to liquidity, maturity mismatches, interest rate and concentration and ensures access to liquidity to meet our financing needs. Our significant lending relationships increased from 30 as of March 31, 2022 to 32 as of March 31, 2023 and 38 as of March 31, 2024.

We maintain a judicious debt to equity ratio by strategically raising capital through a balanced mix of equity and debt instruments. We have raised capital aggregating to ₹21,973.82 million between Financial Years 2022 and 2024, with our Company's capital-to-risk weighted assets ratio (CRAR) of 27.52% (on a standalone basis) as of March 31, 2024. Similarly, our total borrowings increased to ₹101,352.45 million as of March 31, 2024 from ₹72,101.25 million as of March 31, 2023 and ₹41,002.79 million as of March 31, 2022. Accordingly, our debt to equity ratio reduced to 2.76 times as of March 31, 2024 from 3.35 times as of March 31, 2023 and 4.06 times as of March 31, 2022.

Our credit rating has improved over time, from 'A+/Stable' in September 2019 to 'AA-/Stable' in May 2023 from CARE. This translates to a lower cost of borrowing and enhanced financial flexibility. Furthermore, we have not faced any breach of the limits prescribed under regulatory guidelines or board approved policy for net cumulative mismatch, as of March 31, 2024, signifying sufficient liquidity to meet our obligations.

Robust Financial Performance with Proven Track Record

We have had a proven track record of profitable growth. Our AUM has increased 2.75 times since March 31, 2022 at a CAGR of 65.86% from ₹48,356.09 million as of March 31, 2022 to ₹133,030.47 million as of March 31, 2024. During this period, our disbursements increased 2.16 times to ₹63,350.03 million during the Financial Year 2024 from ₹29,284.88 million during the Financial Year 2022, growing at a CAGR of 47.07%. Our interest income also has increased 3.03 times in the last three financial years at a CAGR of 74.07%, to ₹14,437.28 million during the Financial Year 2024 from ₹4,764.50 million during the Financial Year 2022. Moreover, our focus on offering value-added services to our borrowers through third parties has resulted in non-interest income increasing 8.88 times at a CAGR of 198.05% in the last three financial years, growing from ₹320.91 million during the Financial Year 2022 to ₹2,850.78 million during the Financial Year 2024. Economies of scale and increasing efficiency due to use of technology across functions has led to a decline in operating expenses to average AUM from 3.40% in the Financial Year 2022 to 2.83% in the Financial Year 2024. In addition, we have continued to maintain healthy asset metrics across cycles with credit costs to average AUM of 0.72% in the Financial Year 2024 and gross stage 3 loans (%) of 0.43% for our overall business and 0.08% for our student loans – international business, as of March 31, 2024.

Our growth in business and our strengths have resulted in an increase in our net profit for the year to ₹3,424.03 million during the Financial Year 2024, reflecting a significant increase of over 5.42 times from ₹632.07 million during the Financial Year 2022. We also had a healthy return on equity of 12.81% and return on assets of 2.83% in the Financial Year 2024, evidencing efficient operations and sound financial management.

Experienced, Cycle-Tested And Professional Management Team Backed By Marquee Investors

We have a professional and experienced management team led by our distinguished board of directors. Our Managing Director and CEO, Amit Gainda, has over 25 years' experience in the banking and financial services sectors. Our board of directors is led by an independent chairman, Neeraj Swaroop.

We recruit individuals with prior experience in areas such as credit evaluation, risk management, recovery, treasury, technology, finance, human resources, project management, operations and marketing and are able to leverage their knowledge and experience for the growth of our business. We received the "*Great Place to Work*" award for the third time in September 2023. To foster employee retention and recognition, we have implemented a retention and reward system, ensuring that our employees have a vested interest in the long-term success of our Company.

Our Promoter is Olive Vine Investment Ltd, an affiliate of Warburg Pincus, and our institutional shareholders include International Finance Corporation and affiliates of Kedaara Capital, Mubadala Investment Company and Avendus Future. We benefit from their capital sponsorship and professional experience. Their support has been key to our growth and their expertise and guidance have contributed to the formation of a robust capital base, positioning us for continued growth and success in our operations.

Our Strategy

Further expand and diversify our distribution network to drive sustainable growth

We maintain a hybrid presence, combining a physical branch network with our distribution network. We intend to grow and diversify our distribution network by deepening our relationship with existing educational service providers and DSAs, and at the same time we aim to actively recruit and on-board new educational service providers and DSAs to widen our third party distribution network. Complementing our third party distribution network, we continue to strengthen our direct acquisitions through our direct acquisition channel which has contributed 16.34% of the disbursements for our student loan – international business during Financial Year 2024 as compared to 14.52% during Financial Year 2023 and 19.30% during Financial Year 2022. We aim to prioritize and invest in digital marketing campaigns backed by a content strategy, to attract potential borrowers directly to our websites, creating a flywheel effect not only for loans but also for other value-added services.

Our business model ensures that loan origination is not primarily reliant on our presence through physical branches and sales representative offices. Our AUM per branch increased at a CAGR of 52.21% between March 31, 2022 and March 31, 2024, from ₹3,022.26 million as of March 31, 2022 to ₹5,403.79 million as of March 31, 2023 and ₹7,001.60 million as of March 31, 2024.

Expanding our coverage and product portfolio enabling us to grow our borrower base and cater to their evolving needs

Driven by our student centric approach to our student loans – international business, we have disbursed to a large network of students enrolled at 1,585 universities/colleges across 49 countries, as of March 31, 2024. As we scale up our operations, we intend to leverage our growing student borrower base and their evolving needs to keep strengthening and expanding our coverage of colleges and courses across countries.

We aim to expand our product portfolio to enable us to cater to wider and newer borrower categories.

- We have historically focused on financing higher education courses for overseas education. However, on back of a variety of favourable macro-economic factors, there has been increase in number of students going abroad for undergraduate studies. To cater to this new borrower category need, we intend to offer financing solutions for overseas undergraduate programs in a gradual and calibrated manner.

- In January 2023, we incorporated our wholly owned Subsidiary, Avanse Global Finance IFSC Private Limited in Gift City, Gujarat, through which disburse foreign currency (primarily US Dollar) loans for financing overseas education. According to the CRISIL MI&A Report, along with our subsidiary Avanse Global Finance IFSC Limited, we are the first financial institution in India to offer both Indian Rupee and foreign currency denominated student loans for overseas studies.

- Additionally, we intend to focus on growing and further strengthening our presence in the education loans – domestic business through solutions across the curriculum fee financing for higher education, K-12 and other non-curriculum fee financing, such as for test preparation and skilling courses, among others.

- Through our third party channel network, we intend to broaden the suite of value-added services we provide to student borrowers. Such service offerings help drive our fee and commission income without a substantial increase in expenses.

- We also intend to grow the AUM of our up-sell products to our existing customers that include personal loans and loans against property. As of March 31, 2024, the AUM of such products was ₹911.31 million.

Continue to invest in data analytics and technology enabled solutions to drive business growth, improve borrower experience and enhance operational efficiency

We have made investments in our information technology systems to automate and digitize our borrower and service provider ecosystem, derive greater operational efficiencies and enhance customer experience. The strategic theme of our technology function has been a cloud first approach, leveraging data and information security. We seek to ensure that our information technology systems continue to help us operate efficiently across several functions, including loan origination, credit underwriting, collections, risk monitoring and customer service.

We have developed an in-house proprietary platform for loan applications and underwriting, utilizing Indian digital public infrastructure. We will continue to invest in growing our proprietary data analytics backed scorecard for underwriting and collections, to enable better risk grading and pricing of loans as well as to improve asset quality. We will also continue to invest in systems to capture and collate data and in the development of analytics tools.

Our endeavour is to continue to upgrade and automate our existing technology platforms, loan application module and credit assessment platform by developing advanced underwriting algorithms. As a result of our technology platforms and initiatives, we expect to increase the scale and effectiveness of our operations without a proportionate increase in our operational expenses.

Diversify liability profile by widening and deepening the lender base and optimise our borrowing cost

We adopt a diversified and cost-effective borrowing strategy while building our asset base to create a quality loan portfolio which proactively addresses the needs of liability providers, such as maintaining a healthy capital adequacy, diversifying our borrowing mix and maintaining surplus liquidity.

We intend to continue to diversify our financing sources, enhance limits from existing sources, identify new sources and pools of capital such as impact funds, and strengthen our asset liability management policies with the aim of further optimizing our borrowing costs. We continuously monitor and review our asset and liability management to ensure that we are within the regulatory and policy gap limits. These initiatives coupled with our asset quality will strengthen our ability to improve our credit ratings and reduce the cost of our borrowings. A lower average cost of borrowing shall enable us to competitively price our loan products and helps us grow our business and operations.

Continued focus on enhancing our research-led proactive risk management framework

As we increase the scale of our operations and expand our borrower base, we intend to focus on enhancing our risk management framework to maintain the credit quality of our loan portfolio. We continue to upgrade our enterprise risk management initiatives to obtaining a more nuanced understanding of the macro-economic and geo-political factors in each of the countries that we are currently providing student loans to or intend to expand to. This understanding enables us to get insights on the student immigration laws, enrolment ratios and employment statistics, improving the credit scoring models and algorithms that we have currently deployed and improving our risk management.

Our strength in credit assessment is derived from our educated, trained and experienced teams who spend time with our prospective borrowers and do a detailed assessment of their educational backgrounds, future income and repayment capacity. We will continue to invest in training our employees to ensure that we maintain our specialized credit assessment process.

DESCRIPTION OF OUR BUSINESS

Our Product Portfolio

As an NBFC operating in the education ecosystem, we cater to the needs of Indian students admitted to study overseas or at domestic institutions, parents of such students, professionals engaging in executive learning programs and private educational institutions in India. Our operations cater to the entire student life cycle of our borrowers from kindergarten to postgraduate education across student and institutional borrowers.

We provide customizable loan products that are categorised into three broad categories, i.e., student loans – international, educational institution loans, and education loans – domestic.

Student Loans – International

Borrower Base

As a part of our student loans – international business, we provide education loans to Indian students looking to pursue higher education overseas. The profile of such students generally comprises young and aspirational individuals from diverse backgrounds who have obtained undergraduate degrees in India and are admitted for further studies abroad. These students are primarily residing in tier II cities and beyond in India and are at early stages of their career, and seek specialized education at foreign universities with a view to subsequent employment abroad. As of March 31, 2024, we had loans outstanding to 35,802 students attending 1,264 universities/colleges in 41 countries, and our student loans – international business accounted for 78.28% of our AUM, with an average ticket size of ₹3.07 million per loan. The majority of such students pursue STEM and business administration courses. As of March 31, 2024, in our student loans – international business, over 73.96% and 23.33% of our students were enrolled in STEM and MBA courses, respectively.

Within our student loans – international business, students primarily choose to study in the United States, Canada, and the United Kingdom, with the United States attracting the largest share of Indian students pursuing higher education abroad, due to its prestigious universities and extensive employment opportunities as the world's largest economy.

Product Profile

We provide loans to such students that comprehensively cover their education costs such as tuition fees, living expenses, visas, insurance policies, flight tickets, study materials and laptops. The term of the loans are between 10 to 15 years, with an average behavioural tenor of 6 to 7 years. We offer three different repayment modes for flexibility, (a) equated monthly instalments ("**EMI**"), (b) simple interest during the period of the degree or course followed by EMI, and (c) partial simple interest during the period of the degree or course of minimum fixed sums towards interest incurred during the period of the degree or course, with remaining interest being capitalized in the loan amount followed by EMI on the capitalised loan amount ensuring payment in such a way that students are not burdened with principal repayment during their academic program. This enables us to keep in touch with student borrowers and their parents during the term of study. With our understanding of the student loan international business, we have been able to categorize courses offered and build a product portfolio based on country, university ranking and course type. As of March 31, 2024, we have disbursed customised pre-approved products to students studying at 1,585 universities/colleges across 49 countries.

Our products are jointly developed by a team of researchers and risk managers that analyse a range of factors such as target country for education, its economy, post-study visa norms, number and type of institutes present, their rankings, type of course (such as STEM fields or MBAs), cost of education, employment potential and future income. The approval workflow process has two individuals (maker and checker) reviewing with final approval by a committee comprising senior management of the company. Our product and risk teams also take feedback from other teams on the ground such as sales, credit, collections, and our educational service providers and DSAs for development of products, including peer benchmarking to make the products market facing and competitive.

Origination and Marketing

As of March 31, 2024, our distribution network for our student loans consisted of 320 active education counsellors and aggregators (agents specializing in education loans), 320 DSAs, and our 119 member sales team as well as our direct acquisition channel. As of March 31, 2024, 50.30% of our AUM in our student loans – international business was sourced through education counsellors and aggregators, 33.36% was sourced through DSAs and 16.34% was sourced through our direct acquisition channels.

We have made investments in direct channels of marketing, including by building our sales team, thereby creating awareness for our brand and contributing to student loan applications directly. We have deployed marketing campaigns backed by our content strategy through search engine marketing as well as social media campaigns to generate student and parent interest. We generate and present topical education related content on our website. Further, we generate applications from our existing borrower base through referral campaigns.

Furthermore, our sales team interacts with education counsellors and educational institutions to understand their needs and guide the borrowers through the loan application process. Our domain knowledge translated through training enables our sales team to source and sanction more leads, thereby growing our business. We generate leads through various sourcing channels such as education counsellors and aggregators, DSAs and direct sales teams, which are funnelled through our CRM platform and allocated to our sales team in the loan origination platform.

Our relationships with a large network of education counsellors, provides us with a wide coverage in the student loans sector. Our value proposition to education counsellors is the comprehensive support provided by us based on our domain knowledge, along with our underwriting ability and comprehensive student onboarding capability. We have dedicated sales and relationship teams for our larger education counsellors, further helping increase our wallet share with them.

Underwriting Approach

With our deep industry expertise and robust risk management, we adopt a student-led specialized underwriting processes tailored to student loans based on target countries, universities and courses. Our underwriting approach has three key aspects detailed below:

- *Analyzing student characteristics:* Through our student-centric approach and utilizing a data-analytical model, our underwriting methodology analyses students' specific characteristics such as academic performance, entrance test scores, language test scores and work experience.

- *Analyzing course and university characteristics*: Factors such as university ranking, course selection, country of study and future employment opportunities are meticulously analyzed to ensure that students' earnings post-completion of the course are sufficient for loan servicing after living expenses are met.

- *Co-borrower profiling:* We also include one or both parents or employed siblings as co-borrowers to assess the ability of borrowers to repay these loans. These co-borrowers also act as additional comfort for loan recovery in the post-study period, with residential property of the co-borrowers being utilised as collateral for the loan in certain cases.

We have also developed an analytics-led and risk-based scorecard, which streamlines underwriting and eliminates subjectively differential treatment in loan decisions. The scorecard consists of three key pillars to rate a loan application (i) academic performance of students in exams, past academics records and any work experience; (ii) the university and course in question; and (iii) credit bureau performance of the student and co-applicants, if any. The scorecard output is designed for straight through processing approvals and referrals to credit, which enables efficient execution.

This approach to underwriting enables us to create customized solutions for students covering a range of expenses including course fees, living expenses and other ancillary costs. Our solutions also enable students to benefit from flexible repayment options during their study period, ensuring that they are not burdened with loan repayment during their academic journey.

During Financial Year 2024, 93.88% of our disbursements under our student loan – international business were to borrowers with a CIBIL score higher than 700.

Educational Institution Loans

Borrower Base

Our educational institution loans include collateral-backed financing solutions to private educational institutions, which are generally K-12 schools, and as of the dates of respective disbursements, having an average of over 15 years of operations and located in peripheral areas of tier I cities and in tier II cities and beyond in India. These institutions will usually be affiliated with one or more recognised curriculum boards in India, such as the Central Board of Secondary Education, Indian Certificate of Secondary Education, Indian State Boards and International General Certificate of Secondary Education.

Product Profile

We primarily offer loans for infrastructure development, including for the addition of classrooms, development of playschools, renovation and repair of existing infrastructure, and purchase of additional land for expansion activities. These loans might also partly be used for other general expenses, with EMI as the mode of repayment. All loans provided by us in this business line are backed by collateral and the term of these loans is 12 years. This product is managed and curated jointly between product and risk teams which consider DSA feedback, peer benchmarking and customer feedback inputs, before approval is given by a committee of our senior management.

As of March 31, 2024, we had educational institution loans outstanding to 1,990 educational institutions in India, accounting for 17.04% of our AUM, with an average ticket size of ₹13.95 million per loan.

Origination and Marketing

During Financial Year 2024, 77.89% of our disbursements in our educational institution loans business were sourced through DSAs with 22.11% sourced through our direct acquisition channel.

Our sales team works closely with DSAs, who have grown to 146 as of March 31, 2024 from 143 as of March 31, 2023 and 101 as of March 31, 2022. For DSAs, we operate a tiered classification system, and our value proposition includes our sector specialization and understanding of the school ecosystem.

Underwriting Approach

Our underwriting process for educational institution loans business focuses on several factors such as the financial performance of the institution (including its cash flows, income and profitability), the vintage of the institution, the number of students attending the institution as well as the profile of the promoters, among others.

- *Borrower profile:* We focus on providing collateral-backed financing solutions to established and scaled private schools with a proven track record. Furthermore, as of March 31, 2024, 68.99% of educational institutions have been operational for 10 years or more, and 14.42% have been operational between 5 to 10 years, providing a substantial track record for assessment of its existing cash flows and income. Further, for the Financial Year 2024, 94.47% of our educational institution borrowers had more than 300 students as of the date of sanction of the loan to them.

- *Cash flow-based underwriting:* Our underwriting is also based on cash flow assessments of borrower institutions, which is derived from trends in student strength and total fees collected per student (net of the expenses and running obligations of the institution). Our underwriting is aided by a credit scoring model that analyses the performance of educational institution, profile of trustee, type of education accreditation, credit bureau records and credit history of the borrower. The loans are structured with end-use led release of funds in tranches and in some cases, a debt service reserve account is created from the loan proceeds to aid the borrower's cash flow management during leaner tuition fee collection periods.

- *Verification and checks:* Site visits are undertaken jointly by our sales and credit teams to carry out ground checks such as attendance registers, fees register verification, meetings with key teachers and staff and assessments of existing school infrastructure. We also carry out profile checks to gauge the standing of the school in the given locality and its main promoters. In addition to carrying out valuation and title check on collateral, various third-party checks such as credit bureau and fraud scores are assessed, which input to the credit underwriting model for review of applications.

- *Assessment of end use:* For most of our credit applications, we mandate cost estimates by architects at the time of underwriting to ascertain the infrastructure development end use. We also estimate the funding required for meeting general expenses of the borrower. All disbursements are undertaken in tranches and the end-use is closely monitored by us post-disbursement.

- *Collateral:* Our loans to educational institutions are secured by immovable property and we carry out a thorough evaluation of collateral quality prior to sanctioning. Property used as collateral is independently valued (by one or two third parties based on the loan amount) and checked for title and other matters by empanelled legal service providers (with legal opinions obtained on title search reports and a review of original paperwork). As of March 31, 2024, 66.43% of our loans to educational institutions had a loan-to-value ratio below 50%.

Education Loans – Domestic

Borrower Base

Our education loans – domestic business comprises of loans to Indian students seeking higher education at domestic institutions primarily in management, design, medicine, law and other specialized fields. This business also includes loans to working professionals engaging in executive learning programs as well as financing to parents seeking funding for both curriculum fees for students enrolled in accredited schools, and non-curriculum fees associated with test preparation courses, all in India.

Product Profile

We offer loans to students seeking to pursue higher education within India to cover their education costs with terms of loans of up to 15 years and repayment options such as partial interest, simple interest and equated monthly instalments. Our product development process for such loans is similar to that for our student loans – international business.

The loan products we offer towards curriculum fees or non-curriculum fees and working professionals enrolling in skilling or execution education courses are primarily to cover the cost of the course fees, with durations ranging from three months to 36 months (based on the course type and loan amount). EMI is the only mode of repayment available for such loan and eligibility is calculated based on the existing income of the parents or working professionals.

As of March 31, 2024, our AUM from our education loans – domestic business was ₹3,610.28 million, accounting for 2.71% of our AUM, with an average ticket size of ₹0.17 million per loan.

Origination and Marketing

As of March 31, 2024, our distribution network for our educations loan – domestic business consisted of 7 active education counsellors and aggregators, 12 DSAs and 9 loan service providers.

Moreover, for working professionals engaging in skilling or executive education courses, and parents financing both curriculum fees of accredited schools and non-curriculum fees associated with test preparation courses, we enter into tie-ups with course providers and institutions to provide our loans.

Underwriting Approach

Our underwriting approach for loans to Indian students seeking higher education at domestic institutions is primarily student-led and similar to our student loans – international business. The technology platform used to underwrite the loans, as well as the process undertaken, is also similar to our student loans – international business.

With regards to loans to parents towards curriculum or non-curriculum fees and to working professionals enrolled in skilling or execution education, our underwriting is predominantly based on current income and bureau checks. This includes a comprehensive assessment of a variety of factors such as the applicant's monthly income, average bank balance, credit bureau scores, course manufacturer profile (if applicable), the applicant's age, work experience, and the nature of the course being pursued. We have associations with selective course providers who we onboard after a due diligence process at the time of empanelment and on an ongoing basis covering financial strength, type of courses offered and student feedback.

We also collaborate with institutions through 'Avanse Eduloan Journey', our in-house end-to-end customer journey platform. This platform allows for customized course and loan scheme configurations specific to each institution, supports sales-assisted customer journeys for preliminary approval, and facilitates digital KYC and paperless documentation. It also enables digital communications with customers. Our platform features a flexible credit and operations workflow that integrates with our loan management system, ensuring smooth loan disbursement.

Other Value-Added Services

We also offer a comprehensive suite of value-added services to our borrowers, including life, health and travel insurance, wellness and health benefits package, foreign exchange, financial health report, and opening of overseas bank accounts, which are provided by third parties. This comprehensive suite of value-added services provides convenience to students and helps us stay engaged with them. We continue to enter into agreements with service providers to launch new products and services catering to the needs of our borrowers. During the Financial Year 2022, we offered 10 value-added services, which included foreign exchange remittance services, forex cards, foreign currency, travel insurance, health insurance, credit life instance, endowment insurance plans, financial health reports, and wellness package services. This increased to 11 value-added services during Financial Year 2023 with the inclusion of international bank account and Indian savings bank account services, and 12 value-added services during Financial Year 2024, with the inclusion of a student status verification card service.

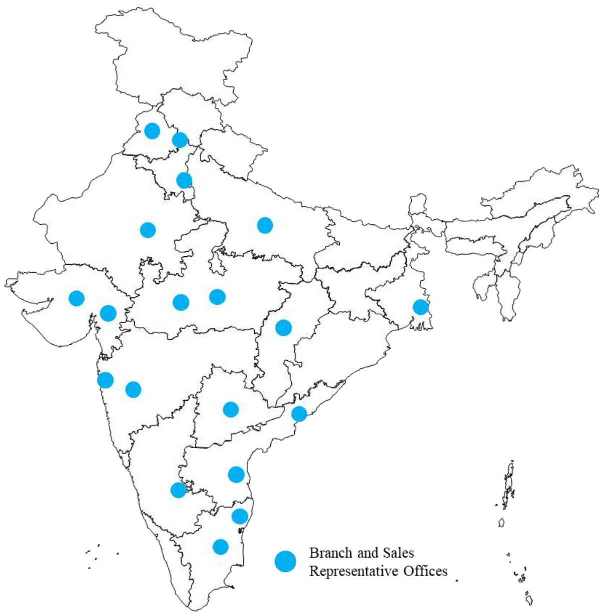
Upselling Initiatives

We also leverage our borrower base for proposition-led up-selling initiatives, and have commenced providing our existing borrowers analytics-driven, up-sell products such as personal loans and loans against property in India. As of March 31, 2024, additional loans to our existing borrowers totalled was ₹911.31 million and comprised 0.69% of our AUM. The average ticket size of such loans was ₹0.34 million as of March 31, 2024.

Distribution Network

We operate on a pan-India basis and have a multi-channel distribution strategy across our student loans and educational institution loans businesses, with physical locations in major education hubs in India.

As of March 31, 2024, we have serviced 545 locations in India offering one or more of our products, maintaining a hybrid presence, and combining a physical branch network of 19 branches and sales representative offices, staffed with a 215 member sales team, with our distribution network. Our distribution network comprises our in-house sales team, active education counsellors and aggregators, DSAs and our direct acquisition channels. At each location, we service loans through the presence of borrowers or co-borrowers. The graphic below sets out our distribution network across India, as of March 31, 2024:



Our differentiated distribution network allows us to operate without significant capital expenditure in fixed assets and enables us to grow without having to materially increase the number of branches we maintain.

Monitoring and Collection Framework

We have an in-house collections team to manage the collection stages, from pre-bounce to legal recovery. As of March 31, 2024, our collections and legal team comprised of 88 field collection executives and legal officers.

We operate an analytics-led collections framework and through our proprietary AI-ML enabled bounce prediction model, categorise borrowers across five different cohorts based on bounce propensity. Our end-to-end automated collection platform called "AlgoCollect" covers the entire collection life cycle and enables differentiated communication strategies based on risk categorization of the borrowers. This also enables us to prioritise collection actions between our 'robo-collect' engine that allows self-cure actions by borrowers or alternatively by contact collections through call centres and field collection teams. Our platform also includes dashboards setting out our daily collections, tracks agent visits, and provides multiple payment options to borrowers by integrating receipts with our loan management system.

We follow a daily days-past-due focussed asset classification process to classify accounts as:

- Standard;
- Special Mention Account 0 (1 to 30 days);
- Special Mention Account 1 (31 to 60 days);
- Special Mention Account 2 (61 to 90 days past due); and
- NPA/Gross stage 3 loans (over 90 days).

Our collection framework covers the following stages of the collection life cycle:

- *Pre-bounce*: During this stage, we categorize borrower risk on a monthly basis. Based on bounce predictions, we allocate resources differently and engage in communications with borrowers prior to the due date, tailoring our approach based on their risk classification. Our in-house analytics team collaborates with our collections team, and we also communicate directly in advance with borrowers and external collection service providers.
- *Soft bucket collection (Bucket X)*: In this stage, we directly communicate with borrowers through our collection call center. Our in-house collections team follows up, and we send overdue letters to borrowers.
- *Hard bucket collection (Bucket 1-2)*: During the hard bucket collection stage, our in-house collection team intensifies follow-up efforts. We may also initiate legal action under local legislation. Our in-house collections team collaborates closely with our in-house legal team and external lawyers to address these cases.
- *Legal collections (NPA Cases)*: For these cases, we continue our follow-up efforts along with the initiation of legal action, including remedies under local law. Our in-house collections team works alongside our in-house legal team and external lawyers to address these cases.

Our analytics-led collections approach, enabled by technology and combined with a robust collection framework, has resulted in consistent collection efficiency, as set out in the table below:

Particulars	Financial Year 2024	Financial Year 2023	Financial Year 2022
Collection Efficiency (%)	94.80	95.14	93.57
Collection Efficiency (%) (Including overdue collection)	96.89	97.65	95.62

Technology

Technology remains a core focus area for us, driving distribution reach, operational efficiency, and borrower experience. Our technology infrastructure is characterized by an API-driven architecture which is scalable and tailored to accommodate diverse student borrower and educational institution borrower profiles. We have adopted a cloud first approach, prioritizing cloud computing solutions for new technology deployments and initiatives, with a focus on leveraging data and ensuring information security.

We have also adopted a hybrid approach to application development, encompassing both build and buy strategies. We build borrower acquisition and engagement platforms in-house, while procuring standard core platforms for functions such as loan management, consolidation, and compliances. Our end-to-end platform seamlessly integrates physical and digital touchpoints throughout the loan lifecycle.

- *Sourcing*: We have developed a portal that acts as a centralized hub for managing student relationships, while facilitating digital onboarding and lead lifecycle tracking. We digitally onboard new educational service providers and DSAs on our portal. Furthermore, for some education counsellors and aggregators we have enabled direct integration through our API framework.

- *Application Processing*: Our sales assisted digital login and fulfillment system integrates borrower verification, a document management platform, and a borrower consent framework. By leveraging the digital public infrastructure, we have established a paperless documentation process.

- *Underwriting*: Our underwriting processes also benefit from our analytics-based business rule engine and our in-house scorecard for risk grading and pricing. Our business rule engine enables us to assess creditworthiness and tailor product offerings to meet the diverse needs of our borrowers.

- *Monitoring and Collections*: We also leverage AI/ML-enabled models to predict borrower bounce propensity alongside our proprietary collection platform, "AlgoCollect," covering the collection lifecycle. Our automated call center operations further help streamline communication processes, enhancing efficiency and effectiveness throughout the collections process.

- *Customer Services and Engagement*: Our initiatives encompass a multi-channel approach, incorporating customer portals, chat bots, and e-mails. Additionally, we have deployed a CRM platform to handle borrower queries, requests, and complaints, enabling configurable workflows and automation. Through our '*Sampark*' initiative, we are in communication with student borrowers, tracking academic progress and placement status.

Furthermore, we have implemented robust information security measures across our web applications, networks, end-user devices, and servers. These measures are continuously monitored through our integrated security information and event management tool. Additionally, we have established a comprehensive cyber resiliency framework to ensure data backup and recovery.

Risk Management

We have an established enterprise risk management framework with a comprehensive risk management policy that covers identification, assessment, mitigation, monitoring and reporting of risk while building a culture of risk awareness within our organization.

Risk Architecture

Our Risk Management Committee ("**RMC**") provides risk management guidance and oversight to our board. Moreover, our RMC reviews and recommends to our board of directors, policies, strategies and framework for managing risk.

Our Asset Liability Committee ("**ALCO**") is chaired by our CEO and reviews our liquidity and interest rate risk exposure across various business lines and funding sources. Our ALCO also implements liquidity risk mitigation strategies such as reviewing reporting on liquidity risk, interest rate risk, and market risk, identifying balance sheet management issues, reviewing product pricing strategy and liquidity contingency plan. The risk management function operationalizes our risk management framework and is headed by a Chief Risk Officer ("**CRO**"). The CRO is independent of all businesses and other functions, reporting to the MD and CEO and to the RMC risk management functions.

Risk Universe

As an NBFC, we are subject to a variety of risks such as credit risk, liquidity and interest rate risk, operational risk and certain other risks (which include, information security, reputation, brand and compliance risks). For each of these risk categories, we have controls in the form of detailed policies and standard operating procedures.

Risk Appetite Statement

We have our board of directors -approved risk appetite statement to define and effectively manage and communicate our risk tolerance. Our risk appetite statement comprises a range of quantitative and qualitative parameters covering all key risks.

Key Risks and Controls

- *Credit Risk*: This is the risk of borrower default due to factors such as declining credit profiles or economic changes. We manage this risk through product-centric credit policies that establish standards for evaluation and underwriting, as well as credit scoring models and alternative data sources. Post-disbursement, we monitor loan covenants and payment patterns to address portfolio deterioration promptly. Data analytics help us detect potential non-payment risks and take timely collection action. For our educational institution loans, we employ cash flow-based lending with milestone-based disbursement and monitoring. These risk management strategies are further supported by semi-annual stress testing and annual internal capital adequacy assessment processes.

- *Liquidity and Interest Rate Risk:* We optimize net interest income and liquidity by managing our assets and liabilities effectively. To mitigate risks, we use a framework comprising ALM, investment and resource planning, and interest rate and forex management policies.

  - *Liquidity Risk Management*: We follow regulatory guidelines to monitor tolerances for mismatches in liabilities and assets. We regularly review borrowing mix, unencumbered assets, and liquidity coverage ratios, and our ALCO assesses mitigation plans for any liquidity triggers as per our liquidity framework.

  - *Interest Rate Risk Management*: We are exposed to interest rate risk arising from regulatory or market changes affecting interest rates, potentially causing short-term volatility and prepayment risks. We assess interest rate risk using duration analysis, evaluating the impact on net interest income and market value of equity against tolerance limits.

  We conduct regular stress testing for interest rate and liquidity risks semi-annually and perform annual internal capital adequacy assessments.

- *Operational Risk:* We face operational risk due to inadequate or failed internal processes, personnel, systems, or external events. This risk is primarily internal with assessment on a symptomatic basis. We identify loss events and aggregate loss data using key risk indicators and employ a risk control and self-assessment framework across all functions to assess risk in key processes.

- *Outsourcing Risk*: We have established a policy and framework for classifying third parties as material or non-material, and adhere to strict practices for onboarding new parties with regular reviews as per our defined framework.

- *Cyber and Information Security Risk*: We have adopted an information security charter to establish and maintain an information security management system that safeguards the confidentiality, integrity, and availability of our information assets. This charter provides a framework for effective information security governance and the protection of our IT operations.

- *Reputation, Brand and Compliance Risk:* For reputation, brand, and compliance risks, we use key risk indicators within our enterprise risk framework, monitoring defined thresholds for all key risk indicators regularly

Our Lenders

We maintain a well-diversified funding profile driven by our commitment to prudent ALM. We have maintained a broad spectrum of lending relationships across public sector banks, private sector banks, multi-national banks, mutual funds and insurance companies. This helps mitigates risk related to liquidity, maturity mismatches, interest rate and concentration and ensures access to liquidity to meet our financing needs.

Our significant lending relationships increased from 30 as of March 31, 2022 to 32 as of March 31, 2023 and 38 as of March 31, 2024. The table below sets out details of our liability profile, during Financial Years 2024, 2023 and 2022.

Particulars	As of March 31,					
	2024		2023		2022	
	Amount	% of Total Borrowings	Amount	% of Total Borrowings	Amount	% of Total Borrowings
	(₹ in million, except percentages)					
Debt Securities:						
Non-convertible Debentures (Secured)	30,534.36	30.13	28,238.75	39.17	11,305.10	27.58
Commercial Paper (Unsecured)	-	-	-	-	247.85	0.60
Debt Securities (A)	**30,534.36**	**30.13**	**28,238.75**	**39.17**	**11,552.95**	**28.18**
Borrowings (other than Debt Securities):						
Term loans:						
- From Banks	57,336.93	56.57	37,214.15	51.61	21,091.64	51.45
- From Financial Institutions	1,877.58	1.85	1,508.30	2.09	1,394.92	3.40
External Commercial Borrowing (ECB)	9,297.19	9.17	1,089.17	1.51	1,100.53	2.68
Cash Credit from Banks	162.87	0.16	-	-	200.00	0.49
Securitisation Liabilities	1,638.77	1.62	3,280.15	4.55	4,893.25	11.93
Borrowings (other than Debt Securities) (B)	**70,313.34**	**69.37**	**43,091.77**	**59.76**	**28,680.34**	**69.94**
Subordinated Liabilities (Unsecured) (C)	504.75	0.50	770.73	1.07	769.50	1.88
Total Borrowings (A+B+C)	**101,352.45**	**100.00**	**72,101.25**	**100.00**	**41,002.79**	**100.00**

We also raise funds through direct assignment transactions, which involve transferring credit risk from our balance sheet. The table below sets out details of our direct assignments and co-lending transactions for the Financial Years 2024, 2023 and 2022:

Particulars	Financial Year 2024	Financial Year 2023	Financial Year 2022
	(₹ million)		
Direct assignment	1,478.66	2,129.89	0.00
Co-lending	6,163.11	1,015.30	0.00

Customer Experience and Service

We have implemented an omni-channel approach towards customer engagement, prioritizing technology-driven self-service modes of communication. Our customer portal and interactive chatbot can address and resolve a majority of all customer queries and requests, with queries and requests also managed through emails and our call centres.

For our student loan – international business, we gather essential information on students (such as employment and visa status, employer, and salary range) which is utilised to assess borrower repayment behaviour.

As part of our customer feedback processes, we conduct net promoter score (NPS) surveys at the time of disbursement, and helping us improve our systems and processes.

Human Resources

Our employees are central to our organization, and we are focused on promoting learning through our investment in human capital. We have been recognized as a 'Great Place to Work' for three consecutive years from 2022 to 2024. Some of our key initiatives include:

- *Maximizing Learning*: Our '*Swagatam*' program supports new employees with familiarization with the organization and teams. Furthermore, through our skill enhancement and employee development (SEED) program, we offer specialized training for role-based skills, and through our learn, engage and make teams productive (LEAP) initiative, we provide new managers with essential leadership skills.

- *DEI Policies*: We offer workshops with open discussions on diversity, equity, and inclusion, as well as commuting benefits for expectant employees. Female employees receive one leave day per month for rest, and we offer childcare support to working parents.

- *Year-Round Engagement and Wellness Initiatives*: We conduct town halls and branch visits along with webinars focused on physical, mental, and financial wellness.

- *Total Rewards Philosophy*: We offer performance incentives such as employee stock options plans, long term incentive plans and short term incentive plans, and merit-based bonuses. Our benefits program includes health check-up for employees and their families, flexible reimbursements, and professional development support.

As of March 31, 2024, we had 672 total full-time employees. The following table sets-out the number of full-time employees, by function, as of March 31, 2024:

Function	Total
Sales	215

Function	Total
Credit	103
Collections	88
Operations and Customer Service	71
Risk	41
Finance and Treasury	35
Technology	32
Legal, Compliance and Audit	23
People Practices	16
Products	13
Marketing	10
Others	19
MD and CEO Office	6
Total	**672**

Corporate Social Responsibility and Environmental, Social, and Governance Initiatives

We have entered into collaborations with various non-governmental organizations and local community educators such as Muktangan Education Trust, the Samarthnam Trust, Pride India and the Meljol and Purkal Youth Development Society to support students, particularly those with special needs.

Through our association with Muktangan Education Trust, we provide support for an integrated school and teacher education program targeting educators, especially women and children from socially and economically underserved backgrounds. Furthermore, our collaboration with PRIDE India aims to strengthen Zilla Parishad schools in the Mahad Block of the Raigad District. Additionally, through our collaboration with the Samarthanam Trust, we assist and support disabled marginalized youth with their higher education.

Our association with Purkal Youth Development Society focuses on helping children in the remote areas of Uttarakhand with good quality academics and exposure to co-curricular areas. We also collaborate with Meljol for our Integrated Life Skills and Education Program in Palghar and Thane that helps children, youth and women.

The table below sets out our corporate social responsibility expense incurred during Financial Years 2024, 2023 and 2022:

Particulars	Financial Year 2024	Financial Year 2023	Financial Year 2022
Corporate social responsibility expense *(₹ in million)*	23.10	11.10	8.12

Our business model is also supportive of positive social outcomes. We cater our services to address the education needs of the Indian youth, offering to finance the entire education lifecycle of students from school to post-graduation, and to promote and improve the quality of the education ecosystem of India.

Credit Ratings

Our current credit ratings are set forth below:

Rating Agency	Instrument	March 31, 2024	March 31, 2023	March 31, 2022
CARE Ratings Limited	Long term bank facilities	CARE AA-/ Stable	CARE A+ / Positive	CARE A+ / Stable
	Market Linked Debentures	CARE PP-MLD AA-/ Stable	CARE PP-MLD A+ / Positive	-
	Non-Convertible Debentures (including subordinated debt)	CARE AA-/ Stable	CARE A+ / Positive	CARE A+ / Stable
	Commercial paper (standalone)	CARE A1+	CARE A1+	CARE A1+
Brickwork Ratings	Secured non-convertible debentures	BWR AA-/Stable	BWR A+/Positive	BWR A+/ Stable
	Unsecured subordinated debt			
ICRA Limited	Commercial Paper	ICRA A1+	-	-

Competition

Our primary competitors are other NBFCs and private and public sector undertaking banks engaged in education loan financing. Based on the CRISIL MI&A Report, this includes other NBFCs focused on education loans such as HDFC Credila Financial Services Limited and Auxilo Finserve Private Limited. We compete with these NBFCs on the basis of several factors including our range of product offerings, our distribution network, our asset quality, fees and customer service, among other factors. According to the CRISIL MI&A Report, as of December 31, 2023, HDFC Credila Financial Services Limited and our Company had a cumulative market share of approximately 87% among NBFCs in terms of education loans AUM.

Intellectual Property

We have 23 registered trademarks in the name of our Company, under classes 35, 36 and 41. Our Company has also filed one trademark application with the Registrar of Trademarks under class 35. These trademarks were filed on June 3, 2023 and are pending registration. For more details, see “*Government and Other Approvals – Intellectual Property Registrations*” on page 385.

Insurance

Our principal types of coverage policies include office and professional establishment protector insurance policy, directors and officers liability insurance, group medi-claim, personal accident insurance and group term life insurance.

Set forth below are details of our insurance coverage and percentage of total assets covered by insurance during the Financial Years 2024, 2023 and 2022:

Particulars	Financial Year 2024	Financial Year 2023	Financial Year 2022
Insurance coverage (₹ million)	362.88	205.45	128.09
Percentage of total assets covered by insurance (%)	155.67	156.97	193.24
Total assets (₹ million)	143,438.35	97,299.51	54,530.15

Awards and Accreditations

We have received the following awards and Accreditations:

Calendar Year	Name of the award
2024	‘Pioneer in Education Lending for the Year 2024’ at event organised by Krypton
2024	‘CX Strategy of the Year’ by Inventicon Business Intelligence
2023	‘Excellent Use of Technology in NBFC Services’ by Elets BFSI
2023	‘Best Automation Project (Education Finance Company)’ presented by Expleo
2023	‘Risk Initiative of the Year’ at event organised by Synnex
2023	‘Education Financing Company of the Year’ ET Ascent
2022	‘Best Brands 2022’ by the Economic Times
2022	‘Best in Data Security – Financial Services’ at event organised by Quantic
2022	‘Outstanding Performance in Customer Centricity’ at event organised by Elets
2022	‘Best Use of Omnichannel’ by Synnex Group
2022	‘Excellence in Loans’ by Lentra
2022	‘Business leader in the category of education financing in India’ at the Business Titans Award, Chapter Dubai by Radio City
2021	‘Best Brands’ by the Economic Times
2021	‘Best Covid-19 Project Team’ by Feather Touch
2021	‘National Awards for Excellence in CSR’
2021	‘Education Lending Company of the Year (NBFC Category)’ at the BFSI Excellence Awards 2021
2021	‘Award for Enhanced Education Financing Solution’ at the Finnoviti Awards by Banking Frontiers

For further details, see “*History and Certain Corporate Matters –Awards and Accreditations”* on page 208.

Properties

Our Corporate and Registered Office is located at 4th Floor, E wing, Times Square, Andheri-Kurla Road, Gamdevi, Marol Mumbai 400 059, Maharashtra, India. Our Corporate and Registered Office, along with all of our branches and sales representative offices, are on leased premises.

KEY REGULATIONS AND POLICIES

Given below is a summary of certain sector specific key laws and regulations in India, which are applicable to our Company. The information detailed in this section has been obtained from various statutes, regulations and/or local legislations and the bye laws of relevant authorities that are available in the public domain. This description may not be exhaustive and is only intended to provide general information to investors, and is neither designed, nor intended as a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. For details regarding the registrations and approvals obtained by our Company under applicable laws and regulations see, "Government and other Approvals" on page 384.

1. Key Regulations Applicable to our Company

The Reserve Bank of India Act, as amended (the "RBI Act")

The RBI is entrusted with the responsibility of regulating and supervising NBFCs by virtue of powers vested in Chapter IIIB of the RBI Act. The RBI Act defines an NBFC as: (a) a financial institution which is a company; (b) a non-banking institution which is a company in the principal business of receiving deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or (c) such other non-banking institution or class of institutions, as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.

A company categorized as an NBFC is required to have a net owned fund of such amount as the RBI may, by notification in the Official Gazette specify from time to time. Further, NBFCs are required to obtain a certificate of registration from the RBI prior to commencement of the business as an NBFC.

Pursuant to Section 45-IC of the RBI Act, every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. No appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such withdrawal.

Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 ("NBFC Scale Based Regulations")

The NBFC Scale Based Regulations categorized all NBFCs, into the following layers:

(i) NBFC- Base Layer ("**NBFC-BL**") comprising non-deposit taking NBFCs with an asset size of less than ₹1,000 crore; and (b) NBFCs undertaking the following activities - (i) NBFC-peer to peer lending platform ("**NBFC-P2P**"), (ii) NBFC-account aggregator (NBFC-AA), (iii) Non-operative financial holding company ("**NOFHC**") and (iv) NBFC not availing public funds and not having any customer interface.

(ii) NBFC-Middle Layer ("**NBFC-ML**") comprising (a) all deposit taking NBFCs ("**NBFCs-D**"), irrespective of asset size; (b) non-deposit taking NBFCs with asset size of ₹1,000 crore and above; and (c) NBFCs undertaking the following activities - (i) Standalone primary dealer ("**SPD**"), (ii) Infrastructure debt fund-NBFC ("**IDF-NBFC**"), (iii) Core investment company ("**CIC**"), (iv) Housing finance company ("**HFC**") and (v) NBFC-infrastructure finance company.

(iii) NBFC- Upper Layer ("**NBFC-UL**") consisting of NBFCs that are specifically identified by the RBI as warranting enhanced regulatory requirement.

(iv) NBFC-Top Layer ("**NBFC-TL**") remain empty unless the RBI is of the opinion that there is a substantial increase in the potential systemic risk from specific NBFCs in the upper layer. Subsequently, such NBFC will move to the top layer from the upper layer.

References to systemically important non-deposit taking NBFC ("**NBFC-ND-SI**") shall mean NBFC-ML or NBFC-UL, as applicable. Under the NBFC Scale Based Regulations, all regulations applicable to an NBFC-BL are also applicable to an NBFC-ML, unless specified otherwise.

Corporate governance

<u>Constitution of committees</u>

As an NBFC-ML, we 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 NBFC Scale Based Regulations as well, and its powers and functions shall be as provided under Section 177 of the Companies Act, 2013.

(ii) Nomination and remuneration committee: NBFCs are required to constitute a nomination and remuneration committee to ensure 'fit and proper' status of proposed or existing directors, which shall have the same constitution, powers, functions and duties as the nomination and remuneration committee required to be constituted under Section 178 of the Companies Act, 2013.

(iii) Risk management committee: NBFCs are required to constitute a risk management committee for evaluating the overall risks faced by the NBFC including liquidity risk.

(iv) Asset-liability management committee: Non-deposit taking NBFCs are required to constitute an asset liability management committee and is responsible for ensuring adherence to risk tolerance/ limits set by the board of directors as well as implementing the liquidity risk management strategy. The asset liability management committee is required to be headed by the chief executive officer/ managing director or the executive director of such NBFC, as prescribed under the guidelines on liquidity risk management framework in the NBFC Scale Based Regulations.

Fit and proper criteria for directors

Applicable NBFCs are required to (a) maintain a policy approved by the board of directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis, in line with the guidelines prescribed under the NBFC Scale Based Regulations; (b) obtain a declaration and undertaking from directors giving additional information on the directors, in the format prescribed under the NBFC Scale Based Regulations; (c) obtain a deed of covenant signed by directors, in the format prescribed under the NBFC Scale Based Regulations; and (d) furnish to the RBI a quarterly statement on change of directors and a certificate from the managing director of the applicable NBFCs that fit and proper criteria in selection of the directors has been followed. The statement must be submitted to the regional office of the Department of Non-Banking Supervision of the RBI where the applicable NBFC is registered, within 15 days of the close of the respective quarter. The statement submitted for the quarter ending March 31, is required to be certified by the auditors.

Disclosure and transparency

Applicable NBFCs are required to place before the board of directors, at regular intervals, as may be prescribed by their respective boards of directors, the following:

(i) progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the concerned applicable NBFC; and

(ii) conformity with corporate governance standards including composition of committees, their roles and functions, periodicity of the meetings and compliance with coverage and review functions and so on.

NBFCs are required to disclose the following in their annual financial statements:

(i) registration/licence/authorisation obtained from other financial sector regulators;

(ii) ratings assigned by credit rating agencies and migration of ratings during the year;

(iii) penalties, if any, levied by any regulator;

(iv) information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries; and

(v) asset-liability profile, extent of financing of parent company products, non-performing assets and movement of non-performing assets, details of all off-balance sheet exposures, structured products issued by them as also securitization/ assignment transactions and other disclosures, as prescribed under the NBFC Scale Based Regulations.

Additionally, the NBFCs shall comply with the following disclosure requirements in the format included in the NBFC Scale Based Regulations:

(i) composition of the Board;

(ii) committees of the Board and their composition;

(iii) general body meetings;

(iv) details of non-compliance with the requirements of the Companies Act, 2013;

(v) details of penalties and strictures;

(vi) breach of covenants; and

(vii) divergence in asset classification and provisioning.

NBFCs are also required to disclose following in their balance sheet: (i) capital to risk assets ratio; (ii) exposure to real estate sector (direct and indirect); and (iii) maturity pattern of assets and liabilities. Further, NBFCs shall frame their internal guidelines on corporate governance with the approval of the board of directors which shall be published on their respective websites.

Acquisition or transfer of control

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. NBFCs are required to continue informing the RBI regarding any change in their directors or management regardless of their application for prior written permissions.

Prudential norms

All NBFCs are required to maintain capital adequacy ratio consisting of Tier – I and Tier – II capital which shall not be less than 15% of the NBFC's aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The Tier – I capital in respect of applicable NBFCs, at any point of time, shall not be less than 10%.

NBFCs risk exposure to a single party or a single group of parties is also kept under control through ceiling limits on NBFCs investment and lending capacity to single party or a single group of parties. NBFCs are not to invest more than 25% of their Tier 1 capital to a single party and more than 40% of their Tier 1 capital to a single group of parties. The NBFCs are also mandated to formulate a policy for managing the exposure risk to single party/ single group of parties.

Liquidity Risk Management Framework and Liquidity Coverage Ratio

Liquidity risk management framework

Non-deposit taking NBFCs with an asset size of ₹100 crore and above, as per their last audited balance sheet, and all deposit taking NBFCs are required to adhere to the liquidity risk management framework prescribed under the NBFC Scale Based Regulations. 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/formal contingent funding plan, nature and frequency of management reporting, and periodical review of assumptions used in liquidity projections.

Liquidity coverage ratio

All non-deposit taking NBFCs with an asset size of more than ₹5,000 crore and all deposit taking NBFCs irrespective of their asset size are required to adhere to the guidelines on liquidity coverage ratio under the NBFC Scale Based Regulations. All non-deposit taking NBFCs with asset size of ₹10,000 crore and above, and all deposit taking NBFCs irrespective of their asset size, are required to maintain a liquidity buffer in terms of liquidity coverage ratio which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient high quality liquid asset to survive any acute liquidity stress scenario lasting for 30 days. The stock of high quality liquid asset to be maintained by the NBFCs is required to be a minimum of 100% of total net cash outflows over the next 30 calendar days. The liquidity coverage ratio requirement is binding on NBFCs from December 1, 2020 with the minimum high quality liquid assets to be held being 50% of the liquidity coverage ratio, progressively reaching up to the required level of 100% by December 1, 2024, in accordance with the timeline prescribed below:

From	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Minimum Liquidity Coverage Ratio (%)	50.00	60.00	70.00	85.00	100.00

All non-deposit taking NBFCs with asset size of ₹5,000 crore and above but less than ₹10,000 crore are required to also maintain the required level of liquidity coverage ratio in accordance with the timeline given below:

From	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Minimum Liquidity Coverage Ratio (%)	30.00	50.00	60.00	85.00	100.00

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.

(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 NBFC Scale Based Direction.

(iii) a “doubtful asset” means (a) a term loan, or (b) a lease asset, or (c) a hire purchase asset, or (d) any other asset, which remains a sub-standard asset for a period exceeding 12 months.

(iv) a “loss asset” means (a) an asset which has been identified as loss asset by an applicable NBFC or its internal or external auditor or by the RBI during the inspection of the applicable NBFC, to the extent it is not written off by the applicable NBFC; and (b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

(v) a “non-performing asset” means: (a) an asset for which interest has remained overdue for a period of more than 90 days; (b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of more than 90 days or on which interest amount remained overdue for a period of more than 90 days; (c) a demand or call loan, which remained overdue for a period of three months or more from the date of demand or call or on which interest amount remained overdue for a period of more than 90 days; (d) a bill which remains overdue for a period of 90 days or more; (e) the interest in respect of a debt or the income on receivables under the head ‘other current assets’ in the nature of short term loans/advances, which facility remained overdue for a period of more than 90 days; (f) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of more than 90 days; (g) the lease rental and hire purchase instalment, which has become overdue for a period of more than 90 days; and (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 (Ind AS) and the NBFC Scale Based Regulations, all applicable NBFCs are required to, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets as provided hereunder:

<table>
<tr><th>S. No.</th><th colspan="2">Provisioning Requirement</th></tr>
<tr><td>1.</td><td colspan="2">Loans, advances and other credit facilities including bills purchased and discounted</td></tr>
<tr><td></td><td>Loss Assets</td><td>The entire asset is to be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding is to be provided for.</td></tr>
<tr><td></td><td>i) Doubtful Assets</td><td>(a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which the applicable NBFC has a valid recourse is to be made. The realizable value is to be estimated on a realistic basis.

(b) In addition to (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e., estimated realizable value of the outstanding) is to be made on the following basis –

<table><tr><th>Period for which the asset has been considered as doubtful</th><th>Percentage of provision</th></tr><tr><td>Up to one year</td><td>20%</td></tr><tr><td>One to three years</td><td>30%</td></tr><tr><td>More than three years</td><td>50%</td></tr></table></td></tr>
<tr><td></td><td>Sub-standard Assets</td><td>A general provision of 10% of total outstanding is to be made.</td></tr>
</table>

Standard asset provisioning

All NBFC-BLs 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. NBFC-MLs are required to make provisions for standard assets of 0.40%, 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 financial statements the provisions made, as prescribed under the NBFC Scale Based Regulations, 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) exposures including to real estate sector, capital markets, sectoral, intra-group, etc.; (b) related party disclosure; and (c) disclosure of complaints.

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.

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 NBFC Scale Based Regulations.

Fair practices code

The NBFC Scale Based Regulations read with Microfinance Loans Directions (defined hereinafter) provide that, all applicable NBFCs having customer interface are required to adopt a fair practices code in line with the guidelines prescribed under the NBFC Scale Based Regulations. The NBFC Scale Based Regulations stipulate that such fair practices code should cover, *inter alia*, the form and manner of processing of loan applications; loan appraisal and terms and conditions thereof; and disbursement of loans and changes in terms and conditions of loans. The NBFC Scale Based Regulations also prescribe general conditions to be observed by applicable NBFCs in respect of loans and requires the board of directors of applicable NBFCs to lay down a grievance redressal mechanism. Such fair practices code should preferably be in vernacular language or language understood by borrowers of the applicable NBFCs.

Penal charges in loan accounts

Penalties for non-compliance with material terms and conditions of a loan contract by a borrower shall be treated as 'penal charges' and shall not be levied as a 'penal interest' that is added to the rate of interest charged on advances. No further interest shall be computed on such penal charges. However, this will not affect the normal procedures for compounding of interest in the loan account.

The NBFC Scale Based Regulations prohibit regulated entities, which include NBFCs, from introducing any additional component to the rate of interest and stipulate that all NBFCs shall formulate a Board approved policy on penal charges or similar charges on loans. The quantum of penal charges shall be reasonable and commensurate with the non-compliance of material terms and conditions of loan contract without being discriminatory within a particular loan or product category. Further, it also provides that the penal charges in case of loans sanctioned to 'individual borrowers, for purposes other than business', shall not be higher than the penal charges to non-individual borrowers for similar non-compliance of material terms and conditions. In addition to being displayed on the NBFCs' website, the reasons for penal charges shall be clearly disclosed by the NBFCs to the customers in the loan agreement and the key fact statement.

*Reset of floating interest rate on equated monthly instalments ("**EMI**") based personal loans*

At the time of sanction of EMI based floating rate personal loans, regulated entities (including NBFCs) are required to take into account the repayment capacity of borrowers to ensure that adequate headroom is available for elongating the tenor or increasing the EMI. In order to address consumer grievances related to elongation of loan tenor or increases in the EMI amount, the notification requires NBFCs to put in place appropriate policy frameworks to meet the following requirements:

(i) at the time of sanction, clearly communicating to the borrowers about the possible impact of change in interest rate on the loan that can lead to changes in the EMI and/or the tenor;

(ii) at the time of the reset of interest rates, providing the option to the borrowers to switch over to a fixed rate as per their Board approved policy;

(iii) all applicable charges for switching of loan from floating to fixed rate and any other service charges or administrative costs shall be transparently disclosed in the sanction letter;

(iv) ensuring that the elongation of tenor for floating rate loans do not result in negative amortization;

(v) sharing a statement at the end of each quarter that enumerates the principal and interest recovered till date, the EMI amount, the number of EMIs left and the annualized rate of interest/ annual percentage rate for the entire tenor of the loan.

The notification requires the instructions enumerated therein to be extended to existing and new loans suitably by December 31, 2023, and for existing borrowers to be sent a communication through appropriate channels, intimating the options available to them.

Declaration of dividend

The NBFC Scale Based Regulations intend to infuse greater transparency and uniformity in practice of distribution of dividends by setting eligibility criteria and disclosure requirements for NBFCs for distribution of dividends. According to the NBFC Scale Based Regulations, NBFCs must comply with four minimum prudential criteria to be considered eligible to declare dividends: (i) minimum capital requirements (including leverage ratio wherever applicable) prescribed in each of the last three financial years including the financial year for which the dividend is proposed; (ii) the net NPA ratio shall be less than six percent in each of the last three years, including as at the close of the financial year for which dividend is proposed to be declared (iii) compliance with provisions of Section 45IC of the RBI Act; and (iv) continuous general compliance with RBI regulations and guidelines concerning NBFCs. The NBFC Scale Based Regulations also prescribe to the board of directors of the NBFCs to consider the decision to roll out dividends in light of certain definite factors. NBFCs, other than NBFC-BL, that declare dividend have to report dividend declared during the financial year in the format prescribed under the NBFC Scale Based Regulations.

Instructions on managing risks and code of conduct in outsourcing of financial services by NBFCs

The NBFC Scale Based Regulations specify the activities that cannot be outsourced and also provide the basis for deciding materiality of outsourcing. It mandates the regulatory and supervisory requirements and risk management practices to be complied with by every NBFC before outsourcing its activities. Further, an NBFC intending to outsource any of the permitted activities under the NBFC Scale Based Regulations is required to formulate an outsourcing policy which is to be approved by its board of directors.

Integrated ombudsman scheme, 2021

The NBFC Scale Based Regulations specify that all NBFCs covered under the Integrated Ombudsman Scheme, 2021 ("**Scheme**"), must comply with the directions provided under the Scheme. Pursuant to its notification dated November 12, 2021, the RBI had integrated the Banking Ombudsman Scheme, 2006, the Ombudsman Scheme for Non-Banking Financial Companies, 2018 and the Ombudsman Scheme for Digital Transactions, 2019 into the Integrated Ombudsman Scheme, 2021.The Scheme is an expeditious and cost free apex level mechanism for resolution of complaints of customers of NBFCs registered with RBI under Section 45-IA of the RBI Act, relating to deficiency in certain services rendered by NBFCs.

The NBFC Scale Based Regulations also specify that pursuant to RBI's circular on Appointment of Internal Ombudsman by NBFCs dated November 15, 2021, all applicable NBFCs shall appoint an Internal Ombudsman and shall adhere to the corresponding guidelines.

Prevention of Money Laundering Act, 2002 ("PMLA")

The PMLA was enacted to prevent money laundering and to provide for confiscation of property derived from, or involved, in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA inter alia casts certain obligations on reporting entities (as defined under the PMLA) in relation to preservation of records and reporting of transactions.

Master Direction (Know Your Customer) Directions, 2016 dated February 25, 2016, as amended (the "KYC Directions")

The KYC Directions require regulated entities (as defined in such directions) to follow certain customer identification procedures while undertaking a transaction. These directions are applicable to every entity regulated by RBI, including scheduled commercial banks, regional rural banks, local area banks, primary (urban) co- operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non- banking companies, residuary non-banking companies, and asset reconstruction 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 policies and procedures; 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, as mentioned under the Monitoring of Frauds Directions, are required to be reported to the RBI.

Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions, 2024 dated February 27, 2024 ("Returns Master Direction")

The Returns Master Direction lists detailed instructions in relation to submission of supervisory returns prescribed by the RBI for various categories of commercial banks, AIFIs, NBFCs, etc., including their periodicity, reference date, applicability and the purpose of filing such returns.

Master Direction - Non- Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 dated September 29, 2016 ("Auditor's Report Directions")

The Auditor's Report Directions set out disclosures that are to be included in every auditor's report on the accounts of all NBFC such as: (i) compliance with requirement to obtain certificate of registration from the RBI; (ii) the validity of such NBFC's certificate of registration and whether the NBFC is entitled to continue to hold such certificate of registration in terms of its principal business criteria as of March 31 of the applicable year; and (ii) compliance with net owned fund requirements as laid down in the Master Direction – Non-Banking Financial Company – Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Apart from above the auditor shall in case of a non-deposit taking NBFC include a statement on following matters which inter alia includes: (i) whether the board of directors has passed a resolution for non-acceptance of any public deposits; (ii) whether company has accepted any public deposits during the relevant period/year; and (iii) in respect of NBFC-ND-SI whether capital adequacy ratio as disclosed in the return submitted to the bank in form NBS- 7, has been correctly arrived at and whether such ratio is in compliance with the minimum capital to risk (weighted) assets ratio prescribed by the Bank.

Guidelines on Risk-based Internal Audit ("RBIA") System for Select NBFCs and Primary Urban Co-operative Banks ("UCB") dated February 3, 2021 (the "RBIA Guidelines")

The RBIA for non-deposit taking NBFCs with an asset size of ₹5,000 crores and above (the "**NBFC-ND**"), was mandated by the RBI through its notification dated February 3, 2021 bearing reference number DoS.CO.PPG./SEC.05/11.01.005/2020-21. Under the RBIA Guidelines, applicable NBFCs are required to implement the RBIA framework by March 31, 2022. The RBIA Guidelines, inter alia, are intended to enhance the efficacy of internal audit systems and contribute to the overall improvement of governance, risk management and control processes followed by the NBFC-ND. Under the RBIA Guidelines, the board of directors of the NBFC-ND must approve a policy clearly documenting the purpose, authority, and responsibility of the internal audit activity, with a clear demarcation of the role and expectations from risk management function and the RBIA function. The RBIA Guidelines also mandate that the policy be reviewed periodically, and that the internal audit function is not outsourced. Further, the RBIA Guidelines also require that the risk assessment of business and other functions of NBFC-ND should be conducted at least on an annual basis.

Master Direction –Transfer of Loan Exposures, dated September 24, 2021 ("Master Direction")

With the intent to create a robust secondary market for loan exposures, the RBI has introduced a comprehensive set of self-contained guidelines applicable to transfer and acquisitions of loan exposures by Schedules Commercial Banks, Regional Rural Banks, Primary (Urban) Co-operative Banks/State Co-operative Banks/District Central Co-operative Banks; All India Financial

Institutions; Small Finance Banks and NBFCs (including HFCs). The self-contained nature of the Master Direction is explicit in its prohibition on transfer and acquisition of loans except those permitted under the Master Direction.

Pursuant to the directions, the Board must approve a policy for transfer and acquisition of loans which lay down, among others, the minimum quantitative and qualitative standards relating to due diligence, valuation, requisite IT systems for capture, storage and management of data, risk management, periodic Board level oversight, etc. Further, the policy must also ensure independence of functioning and reporting responsibilities of the units and personnel involved in transfer / acquisition of loans from that of personnel involved in originating the loans. The loan transfers shall not impact the terms and conditions of the original loan contract. The general requirements also state that the lender may not re-acquire a loan exposure.

Transfer of Stressed Loans

Stressed Loans are mean loan exposures which are classified as NPA or as special mention accounts. Such loans can only be transferred through novation or assignment. Well documented policy on transfer of stressed loans is required under the Master Directions which follow the top-down management approach in identification of the stressed loans to be transferred and require the board/board committee to conduct periodic review of loans classified as NPA. This policy must also cover the following aspects –

(i) Norms and procedure for transfer or acquisition of such loans;

(ii) Valuation methodology to be followed to ensure that the realisable value of stressed loans, including the realisability of the underlying security interest, if available, is reasonably estimated;

(iii) Delegation of powers to various functionaries for taking decision on the transfer or acquisition of the loans;

(iv) Stated objectives for acquiring stressed assets; and

(v) Risk premium to be applied.

The board of directors of NBFCs transferring their loans must also put in place a policy for valuation of loan exposures proposed to be transferred. The policy must also delineate the grounds for valuation of stressed loans. In case, the loan exposure to be transferred, jointly or severally, is ₹100 crore or more, the NBFCs would require two external valuation reports. Another internal policy mandated to formalise the transfer of stressed loans concerns adoption of Swiss Challenge Method to finalise the auction of the stressed loans. The policy should specify the conditions under which lender(s) may opt for the Swiss Challenge method, and the minimum mark-up over the base-bid required for the challenger bid to be considered by the lender(s), which in any case, shall not be less than 5% and shall not be more than 15%.

Crucial to note is the limitation placed on the types of entities which can acquire stressed loans. The RBI permits only Scheduled Commercial Banks, All India Financial Institutions, Small Finance Banks, and NBFCs, (Permitted Transferees) and Asset Reconstruction Companies (ARCs) to acquire stressed loans. Further, the NBFCs can acquire the stressed loans only on cash basis. Such NBFCs must hold the loans for a period of 6 months in their books and are generally prohibited to acquire those loans which have been transferred as stressed loans in the previous 6 months. In case an NBFC has an existing exposure to the borrower whose stressed loan account is acquired, the asset classification of the acquired exposure shall be the same as the existing asset classification of the borrower with the transferee. Otherwise, the acquired exposure would be treated as standard by the NBFC.

Transfer of Loans not in Default

A non-payment of whole or any part or instalment of the debt upon being due and payable is considered as default on the part of the borrower. These loans can be transferred to permitted transferees including NBFCs through novation, assignment, or loan participation contracts. The transfer shall be only on cash basis and the consideration shall be received not later than at the time of transfer of loans. The transfer consideration should be arrived at in a transparent manner on an arm's length basis. The NBFCs can transfer loans only after a minimum holding period, as counted from the date of registration of security interest, i.e., (a) three months in case of loans with tenor of up to 2 years; (b) six months in case of loans with tenor of more than 2 years.

Disclosure and Reporting

Under the Master Direction, an NBFC must set out (a) disclosures concerning total amounts of loans not in default, and stressed loans transferred and acquired on a quarterly basis in their financial statements; (b) disclosures to trade reporting platforms notified by the RBI of each loan transfer transaction undertaken and maintain a database of such transactions.

Outsourcing of Financial Services - Responsibilities of regulated entities employing Recovery Agents, dated August 12, 2022

In light of the alleged deviations and violations by agents employed by regulated entities and reiterating that the responsibility for outsourcing activities vests ultimately with regulated entities, the RBI has directed regulated entities, including NBFCs, to strictly ensure that they or their agents do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m., for recovery of overdue loans, making false and misleading representations, etc.

Guidelines on Digital Lending dated September 2, 2022 ("Digital Lending Guidelines")

RBI has laid down guidelines for digital lending which are required to be complied with by regulated entities (as defined in the circular, which include NBFCs). The Digital Lending Guidelines *inter alia* stipulate that regulated entities shall ensure that all loan servicing, repayment, etc., are executed by the borrower directly in the regulated entity's bank account without any pass-through account/ pool account of any third party. Further, the Digital Lending Guidelines state that the rate of any penal charges shall be disclosed upfront on an annualized basis to the borrower. Regulated entities are also required to make certain disclosures to borrowers *inter alia* with respect to annual percentage rate, key fact statement, details of recovery agent etc. The Digital Lending Guidelines have included a framework for grievance redressal, including a nodal grievance redressal officer and regulate the collection and storage of borrowers' data, mandating the formulation of a comprehensive privacy policy by regulated entities.

Loans and Advances – Regulatory Restrictions - NBFCs dated April 19, 2022 ("Loans and Advances Guidelines")

Loans and Advances Guidelines provides for: (i) regulatory restriction applicable to NBFC-ML and NBFC-UL when providing loans and advances to: (a) directors or relatives of directors; (b) senior management; and (c) real estate sector; and (ii) regulatory restrictions applicable to NBFC-BL when providing loans to directors, senior management and relatives of directors, to be done in accordance with policy approved by the board.

Master Direction – Information Technology Governance, Risk, Control and Assurance Practices dated November 7, 2023 ("Master Direction - IT")

Pursuant to notification dated November 7, 2023 bearing the reference number DoS.CO. CSITEG/SEC.7/31.01.015/2023-24, the RBI issued guidelines to regulate the governance of information technology ("**IT**") and the risks, assurance practices, control mechanisms and disaster management associated with IT and cyber security. The Master Direction - IT is applicable to all NBFCs, including all NBFC-BL, NBFC-ML and NBFC-TL, but excludes NBFC-Core Investment Companies. The key requirements are as follows:

IT Governance

The Master Direction - IT lays down a framework for information technology ("**IT Governance Framework**") that focuses on strategic alignment, risk management, resource management, performance management and business continuity/disaster recovery management. NBFCs are obligated to set up an IT Governance Framework that specifies the governance structure adhering to the business objectives of the respective NBFC, that specifies the roles of the board of directors and includes adequate oversight mechanisms to mitigate risks associated with cyber and information security. Under the IT Governance Framework, an IT Strategy Committee ("**ITSC**") must be established that shall, *inter alia*, ensure that the NBFC has an effective IT strategic planning process and the NBFC's IT governance provides for accountability. The risk management policy, which shall include IT related risks and cyber security related risks, shall be reviewed periodically by the risk management committee of the board, in consultation with the ITSC.

IT Infrastructure and Services Management

The Master Direction – IT also mandates NBFCs to have a framework that supports their information systems and infrastructure ("**IT Service Management Framework**") to ensure operational resilience. In the event there are third-parties handling the NBFC's information technology or cyber security, the NBFC are required to put in place appropriate vendor risk assessment processes to, *inter alia*, mitigate risk and to eliminate and address any conflict of interests.

IT Information and Security Risk Management

Under the Master Direction – IT, NBFCs are mandated to set up a framework that, *inter alia*, contains internal control and processes to mitigate and manage risks, identifies critical information systems and provides for the fortification of the same and contains procedures and controls to ensure a secure transmission/ storage/ processing of data/ information.

Business Continuity Plan and Disaster Recovery Policy

The Master Direction – IT, prescribes a business continuity plan and disaster recovery policy in order to reduce the likelihood and impact of disruptive incident and to ensure the continuity of business. Disaster recovery drills in relation to critical information are required to be done at least on a half-yearly basis and for other information systems, as per the risk assessment of the NBFC.

*Information System ("**IS**") Audit*

The Master Direction - IT states that the audit committee of the board shall overlook the functioning of the IS Audit. All entities are required to have an IS audit policy that shall describe the mandate, scope and purpose of the audit, etc. The audit committee, under the Master Direction - IT, has to review the critical issues related to IT, information security and cyber security and thereafter, provide guidance to the management regarding the same.

Emergency Credit Line Guarantee Scheme dated May 23, 2020

The Government of India, through the Ministry of Finance, Department of Financial Services introduced the emergency credit line guarantee scheme ("**ECLGS**"). Pursuant to the ECLGS, the National Credit Guarantee Trustee Company ("**NCGTC**"), a wholly owned trustee company of the Government of India, provided a 100% credit guarantee with respect to eligible credit facilities extended by NBFCs in the form of additional term loans. The NCGTC, pursuant to a circular dated June 29, 2023 provided that the duration of ECLGS would be up to March 31, 2023 or until guarantees for an amount of ₹500,000 crore are issued (taking into account all components of the ECLGS), whichever is earlier.

Special Liquidity Scheme for NBFCs/HFCs dated July 1, 2020

The Government of India approved the Special Liquidity Scheme for NBFCs and HFCs to improve the liquidity position of NBFCs/HFCs through a special purpose vehicle to avoid potential systemic risks to the financial sector. In order to avail the scheme, NBFCs are required to, inter alia, (a) have made a net profit in one of the two preceding financial years; and (b) be rated investment grade by a SEBI registered rating agency. In accordance with the circular, the scheme is managed by a special purpose vehicle set up by a subsidiary of the State Bank of India, SBI Capital Markets Limited.

Master Circular dated April 3, 2023 on Bank Finance to Non-Banking Financial Companies

The circular lays down RBI's regulatory policy regarding financing of NBFCs by banks. The circular specifies, inter alia, certain guidelines for bank finance to NBFCs registered with RBI and bank finance to NBFCs not requiring registration. The circular further specifies activities which are not eligible for bank credits, bank finance to factoring companies and other prohibitions on bank finance to NBFCs, along with certain prudential ceilings for exposure of banks to NBFCs and restrictions regarding investments made by banks in securities/ instruments issued by NBFCs.

Guidelines on Compensation of Key Managerial Personnel and Senior Management in NBFCs dated April 29, 2022 ("Compensation Guidelines")

Pursuant to the circular dated October 22, 2021 on scale based regulation framework, the RBI notified the Compensation Guidelines mandating all NBFCs (except NBFC-BL and Government owned NBFCs) to formulate and put in place a compensation policy approved by board of directors of NBFC. The compensation policy shall at the minimum include (i) constitution of nomination and remuneration committee; (ii) principles for fixed/variable pay structures; and (iii) malus/ clawback provisions. The Compensation Guidelines provides the minimum scope and coverage to put in place the compensation policy.

Notification on Prompt Corrective Action ("PCA") Framework for NBFCs dated December 14, 2021 ("PCA Framework")

RBI introduced PCA Framework for SCBs in 2002 and the NBFCs have been brought under PCA via the PCA Framework as NBFCs have been growing in size and have substantial interconnectedness with other segments of the financial system. The PCA Framework will further strengthen the supervisory tools applicable to NBFCs. The indicators to be tracked for non-deposit taking NBFC would be capital to risk weighted assets ratio, tier I capital ratio and net NPA ratio and the PCA Framework provides for risk thresholds and corrective actions (mandatory and discretionary). The objective of the PCA Framework is to enable supervisory intervention at appropriate time and require the supervised entity to initiate and implement remedial measures in a timely manner, to restore its financial health and also act as a tool for effective market discipline. The PCA Framework does not preclude the RBI from taking any other action as it deems fit at any time in addition to the corrective actions prescribed in the PCA Framework.

Loans Sourced by Banks and NBFCs over Digital Lending Platforms ("DLPs"): Adherence to Fair Practices Code and Outsourcing Guidelines dated June 24, 2020 ("DLP Guidelines")

The RBI issued norms to ensure that the DLPs and the banks/ NBFCs strictly comply with the DLP Guidelines, irrespective of whether banks and NBFCs lend through their own DLP or through an outsourced DLP. The DLP Guidelines are applicable to all the SCBs and NBFCs (including HFCs), except RRBs. As per the DLP Guidelines, banks and NBFCs along with DLPs must follow the following instructions, while engaging DLPs as their agents to source borrowers and/ or to recover dues: (i) names of DLPs engaged as agents should be disclosed on the website of banks / NBFCs; (ii) DLPs must disclose upfront the names of the banks / NBFCs, on whose behalf they interact with the customer; (iii) sanction letter should be issued to the customer, immediately after the sanction and prior to the execution of the loan agreement, on the letter head of the banks/ NBFCs; (iv) a copy of the loan agreement along with a copy of all enclosures mentioned in the loan agreement should be furnished to all borrowers at the time of sanction/ disbursement of loans; (v) effective oversight and monitoring should be ensured over DLPs; and (vi) efforts should be made towards creation of awareness about the grievance redressal mechanism.

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 ("RBI Auditors Guidelines")

The RBI Auditors Guidelines are applicable to commercial banks (excluding regional rural banks), urban co-operative banks and NBFCs (including HFCs) in respect of appointment/ reappointment of SCAs/ SAs. While NBFCs, including HFCs, do not have to take prior approval of RBI for appointment of SCAs/ SAs, all NBFCs, including HFCs, need to inform RBI about the appointment of SCAs/ SAs for each year by way of a certificate within one month of such appointment. Further, the RBI Auditors Guidelines provide for, inter alia, the minimum and maximum number of SCAs/ SAs per entity, eligibility criteria for auditors, tenure and rotation, independence of auditors and professional standards of SCAs/ SAs.

Co-Lending by Banks and NBFCs to Priority Sector dated November 5, 2020

The RBI introduced the co-lending model to increase the affordability and outreach of capital to underserviced sections of the economy. By entering co-lending arrangements, banks and NBFCs can combine the relative advantages of the two to provide financial services. Banks are permitted to co-lend with registered NBFCs, not forming part of their promoter group, (including HFCs) based on a prior agreement. The co-lending banks will take their share of the individual loans on a back-to-back basis in their books. However, NBFCs are required to retain minimum 20% share of the individual loans on their books. The bank and the NBFCs will have to maintain their own individual customer accounts but there is a requirement for the funds to be disbursed via an escrow account maintained with the bank. The liability for the representations and warranties found in the master agreement will be ascribed to the originating NBFCs. The co-lenders will be mutually required to set up a framework for loan monitoring and recovery, put in place a suitable arrangement for grievance redressal, arrange for the creation of security and charge and include loans under the co-lending mechanism in the scope of their internal/statutory audit to ensure compliance with their respective internal guidelines.

Master Direction – RBI (Internal Ombudsman for Regulated Entities) Directions, 2023 dated December 29, 2023 ("Ombudsman Master Direction")

The RBI introduced Ombudsman Master Direction to integrate the erstwhile RBI ombudsman schemes and also with the objective to improve the customer service standards in regulated entities. The Ombudsman Master Direction reaffirms that the internal ombudsman mechanism should work as envisaged and be positioned as an independent, apex level authority on consumer grievance redress within the regulated entities. The Ombudsman Master Direction lays down the following: (i) applicability; (ii) office of internal ombudsman which *inter-alia* includes appointment of internal ombudsman and deputy internal ombudsman, their tenure, etc.; (iii) roles and responsibilities; (iv) procedural guidelines for regulated entity; (v) RBI oversight; and (vi) reporting formats.

Priority Sector Lending Classification

Pursuant to its 'Statement on Developmental and Regulatory Policies' and notification dated April 7, 2021, the RBI with a view to ensure continued availability of credit to specified sectors to aid faster economic recovery, decided to extend the priority sector lending ("**PSL**") classification for lending by banks to NBFCs for on-lending by six months i.e. up to September 30, 2021. Previously, the PSL classification, allowing banks to classify lending to NBFCs for on-lending to agriculture/MSME/housing as PSL, was permitted till March 31, 2021. Considering the increased traction observed in delivering credit to underserved/unserved segments of the economy, the facility was extended till March 31, 2022 vide RBI circular dated October 8, 2021. To ensure continuation of the synergies that had been developed between banks and NBFCs in delivering credit to the specified priority sectors, the facility has been allowed on an on-going basis pursuant to RBI circular dated May 13, 2022.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017 dated November 9, 2017, as amended ("Outsourcing Directions")

The Outsourcing Directions specify the activities that cannot be outsourced and provide the basis for deciding the 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. The terms and conditions governing the contract between the NBFC and the service provider should be in compliance with the Outsourcing Directions. 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.

Master Direction - Reserve Bank of India (Outsourcing of Information Technology Services) Directions, 2023 dated April 10, 2023 ("IT Outsourcing Directions")

The master direction by the RBI provides guidelines for outsourcing information technology services by regulated entities. The directions recognize the extensive usage of information technology and information technology enabled services to support the business models, products and services offered by regulated entities to their customers. The aim of the IT Outsourcing Directions is to ensure that outsourcing arrangements neither diminish the regulated entities' ability to fulfil its obligations to customers nor impede effective supervision by the RBI. As per the IT Outsourcing Directions, a regulated entity shall take steps to ensure that the service provider employs the same high standard of care in performing the services as would have been employed by the regulated entity, had the same activity not been outsourced. The regulated entities are required to ensure that their service providers develop and establish a robust framework for documenting, maintaining, and testing business continuity plan and disaster recovery plan.

A regulated entity can also outsource any IT activity or IT enabled service within its business group/conglomerate, subject to conditions specified in the directions. Regulated entities intending to outsource any of its IT activities are required to put in place a comprehensive board approved IT outsourcing policy which shall incorporate, inter alia, the roles and responsibilities of the board, committees of the board (if any) and senior management, IT function, business function as well as oversight and assurance functions in respect of outsourcing of IT services. The IT Outsourcing Directions also require regulated entities to immediately notify the RBI in the event of breach of security and leakage of confidential customer related information. Further, the RBI has the power to impose penalties for violations of directions.

IRDAI (Registration of Corporate Agents) Regulations, 2015 ("CA Regulations")

Corporate agents are granted a certificate of registration by the IRDAI in accordance with the CA Regulations for solicitation and servicing of insurance business for any of the specified category of life, general and health. A corporate agency registration is valid for a period of three years from the date of issuance, unless the same is suspended or cancelled by the IRDAI. The grant and renewal of a corporate agency registration is subject to the applicant meeting the eligibility criteria prescribed in the CA Regulations. The criteria includes matters inter alia (a) whether the applicant has the necessary infrastructure such as, adequate office space, equipment and trained manpower on their rolls to effectively discharge its activities; (b) whether the principal officer, directors and other employees of the applicant have violated the code of conduct set out under the CA Regulations in the last three years; (c) whether any person, directly or indirectly connected with the applicant, has been refused in the past the grant of a licence/registration by the IRDAI; and (d) whether the applicant, in case the principal business of the applicant is other than insurance, maintain an arms-length relationship in financial matters between its activities as corporate agent and other activities.

Further, pursuant to the IRDAI (Insurance Intermediaries) (Amendment) Regulations, 2022, a corporate agent, depending on the type of registration (i.e., general, life or health) a corporate agent is permitted to act as a corporate agent for a maximum of nine general, life or health insurers, as applicable. In the case of corporate agent (composite) the total number of arrangements with life, general and health insurers, shall not exceed twenty-seven at any point of time.

IRDAI (Expenses of Management, including Commission of Insurers) Regulations, 2024 and IRDAI (Payment of Commission) Regulations, 2023 ("Commission Regulations")

The Commission Regulations, which came into force from April 1, 2023, prescribe inter alia the limits for payment of commission under life insurance, general insurance and health insurance products offered by the insurers. The Commission Regulations define 'commission' as any compensation including remuneration, or reward, by whatever name called, paid by an insurer to insurance agent, intermediary or insurance intermediary, as applicable, for soliciting or procuring or transacting insurance business. In terms of the Commission Regulations, every insurer is required to adopt a board approved policy with respect to payment of commission and the objectives of the said policy shall inter alia take into consideration (i) the interest of the policyholders; (ii) nature and tenure of insurance policy; and (iii) the interest of the insurance agent, intermediary or insurance intermediary.

IRDAI Information and Cyber Security Guidelines, 2023 ("Cyber Security Guidelines")

In terms of the Cyber Security Guidelines, all regulated entities are mandated to establish and maintain an organization structure for governance, implementation and monitoring of information security, comprising the board of directors, risk management committee and information security risk management committee. The ultimate responsibility for information security of an organization vests with the board of directors of the regulated entity, in addition to receiving quarterly inputs on matters related to information security and approving its information and cyber security policy.

Master Circular on Corporate Governance for Insurers, 2024 ("Master Circular in Corporate Governance for Insurers")

The Master Circular on Corporate Governance, which came into force on May 22, 2024, outlines the general terms and governance responsibilities of the board in the management of insurers under the IRDAI (Corporate Governance for Insurers) Regulations, 2024. The circular mandates the framework for the composition of the board of directors as well as appointment of common directors as per section 48A of the Insurance Act 1938. The circular also imposes specific areas of roles and responsibilities of the board, control functions and fit and proper criteria for directors. Furthermore, the circular also provides for the appointment or continuation of common directors representing insurance agent, intermediary or insurance intermediary on the board of the company. As per the circular:

a. The appointment shall be deemed to have been permitted, unless otherwise provided for in this circular, subject to the following conditions:

    i. The proposed director shall not be working in the capacity of the chief insurance executive / specified person or any other officer responsible for soliciting insurance business;

    ii. There should be no conflict of interest or prejudice against the interest of the policyholders;

    iii. The disclosure requirements as laid down under relevant regulations and circulars shall be complied with;

    iv. A resolution passed by the board approving such appointment;

v. The common director shall excuse themselves from discussion and voting pertaining to any area of conflict of interest and insurer/agent/intermediary/Insurance intermediary where she/he is holding common directorship

vi. The maximum number of directorships held shall be in compliance with the Companies Act

vii. The insurer/agent/intermediary/Insurance intermediary shall comply with all the other applicable laws.

b. Executive director or whole time director on the board, shall not be appointed as the nominee/common director. This shall not apply, in case of any director appointed or proposed to be appointed as a nominee of a promoter of the insurer.

c. The common director may be appointed as chairperson on the board of the company subject to necessary safeguards

d. The directors appointed under section 48A of the Insurance Act, 1938 after obtaining due approval of the authority may continue to hold the directorship till completion of tenure of appointment.

e. The insurers shall file a certificate on an annual basis, duly certified by the CEO, confirming compliance with the provisions of this circular on financial year basis, within 3 months from end of the financial year

Circular by IRDAI Regarding the use of out-of-date Operating System (OS) and IT Equipment, 2022 ("Circular on OS and IT Equipment")

The circular issued by IRDAI on November 15, 2022, regarding the use of out-of-date OS and IT Equipment, mandates organizations to configure IT infrastructure including servers, applications, network and security devices to ensure security and reliability. The circular reiterates the observations by MeitY vide D.O.No. 7(1)/2022-CSD dated October 18, 2022 on the importance of cyber security in governance and the dangers of the use of outdated OS and IT equipment by making systems susceptible to security breach. The Circular on OS and IT equipment advises companies to put in place a board approved policy on scrapping and disposal of out-of-date OS and IT equipment.

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

The SARFAESI Act governs securitization of financial assets in India. The SARFAESI Act provides that any securitization or reconstruction company may acquire the financial assets of a bank or financial institution by either entering into an agreement with such bank or financial institution for the transfer of such assets to the company or by issuing a debenture or bond or any other security in the nature of the debenture, for consideration, as per such terms and conditions as may be mutually agreed between them. The SARFAESI Act further provides that if the bank or financial institution is a lender in relation to any financial assets acquired by the securitization/reconstruction company as stated above, then such company shall be deemed to be the lender in relation to those financial assets. Further, upon such acquisition, all material contracts entered into by the bank or financial institution, in relation to the financial assets, shall also get transferred in favour of the securitization/reconstruction company. The SARFAESI Act also enables banks and notified financial institutions to enforce the underlying security of an NPA without court intervention. Pursuant to an asset being classified as an NPA, the security interest can be enforced as per the procedure laid down in the Security Interest Enforcement Rules, 2002.

The Digital Personal Data Protection Act, 2023 ("DPDP Act")

The Parliament passed the DPDP Act on August 9, 2023. The DPDP Act, once notified, will replace the existing data protection provision, as contained in Section 43A of the IT Act. The DPDP Act provides for the processing of digital personal data in a manner that recognises both the rights of individuals to protect their personal data and the need to process personal data for lawful purposes and matters incidental thereto. The DPDP Act provides that personal data may be processed only for a lawful purpose after obtaining the consent of the data principal to whom the personal data relates, or for certain legitimate uses. A notice must be given before seeking consent. It further imposes certain obligations on data fiduciaries including (i) ensuring the accuracy, consistency and completeness of personal data processed, (ii) building reasonable security safeguards to prevent a data breach, (iii) informing the Data Protection Board of India (the "**DPB**") and affected persons in the event of a breach, and (iv) unless retention is necessary for compliance with any law, personal data is to be erased upon the data principal withdrawing consent or as soon as the purpose has been met and retention is not necessary for legal purposes (storage limitation). In case of government entities, storage limitation and the right of the data principal to erasure will not apply. The Central Government will establish the DPB. Key functions of the DPB include: (i) monitoring compliance and imposing penalties, (ii) directing data fiduciaries to take necessary measures in the event of a data breach, and (iii) hearing grievances made by data principals. The DPB members will be appointed for two years and will be eligible for re-appointment. The Central Government will prescribe details such as the number of members of the DPB and the selection process.

2. Restrictions in Foreign Ownership applicable to our Company

The Consolidated FDI Policy Circular of 2020 (No. 5(2)/2020) dated October 15, 2020, as amended ("FDI Policy") issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India ("DPIIT")

Foreign investment in NBFCs, carrying on activities approved for FDI, is subject to the conditions specified in Paragraph 5.2.26 of the FDI Policy. Pursuant to these norms, FDI of up to 100% is permitted under the automatic route in our Company. This sector is also subject to minimum capitalization norms as prescribed by the RBI or other government agencies from time to time.

3. Other Regulations

In addition to the above, our Company is required to comply with the provisions of the Companies Act, FEMA, and other applicable RBI guidelines/ circulars and notifications, labour laws, various tax related legislations and other applicable statutes for its day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as 'Abhivruddhi Holdings Private Limited' on August 7, 1992, at Mumbai, Maharashtra, India as a private limited company under the Companies Act, 1956 pursuant to certificate of incorporation issued by the RoC. The name of our Company was changed to 'Avanse Financial Services Private Limited', pursuant to a resolution passed by our Shareholders on December 1, 2012, and a fresh certificate of incorporation, consequent to the change of name was issued to our Company by the RoC on December 12, 2012. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed by our Shareholders on December 23, 2013, and consequently, the name of our Company was changed to 'Avanse Financial Services Limited'. A fresh certificate of incorporation, upon conversion to a public limited company was issued by the RoC on February 4, 2014. The RBI granted a certificate of registration dated February 5, 2004, bearing no. B-13.01704 to our Company, for registration as an NBFC under Section 45-IA of the Reserve Bank of India Act, 1934. See "*Government and Other Approvals*" on page 384.

In July 2019, Dewan Housing Finance Corporation Limited, Wadhawan Global Capital Limited, Wadhawan Holdings Private Limited, Infill Retail Ventures Private Limited, Kapil Wadhawan, Dheeraj Wadhawan, Wadhawan Consolidated Holdings Private Limited (collectively the "**Erstwhile Promoters**"), P.K. Kumar, Vijay Tambe, Mohit Chaturvedi and Prahalad Kulkarni (along with "**Erstwhile Promoters**" the "**Erstwhile Promoter Group**") who were holding 50,284,014 equity shares of face value of ₹10 each of our Company amounting to 80.00% of the then equity share capital of our Company, transferred their entire shareholding in our Company to our Promoter. For details in relation to our Promoter, see *"History and Certain Corporate Matters – Our Holding Company*" and "*Our Promoter and Promoter Group*" on pages 208 and 228, respectively.

Changes in our Registered Office

The following table sets forth details of the change in the registered office of our Company since the date of its incorporation:

Date of Board resolution/Date of change	Details of the change in address of registered office	Reason for change
1992-1993*	Registered office was changed from 25 C, Gyan Blog, Ramwadi, Kalbadevi, Bombay 400 002 to 46, Malaviya Road, Opp. Telephone Exchange, Mulund (West), Mumbai 400 080*	-*
July 23, 2012	Registered office was changed from 46, Malaviya Road, Opp. Telephone Exchange, Mulund (West), Mumbai 400 080 to Ground floor, HDIL Towers Anant Kanekar Road, Bandra (East), Mumbai 400 051	Pursuant to the change in the entire shareholding and management of the Company
April 22, 2013	Registered office was changed from Ground Floor, HDIL Towers, Anant Kanekar Marg, Bandra, Mumbai 400 051 to Ground Floor, Madhava, Bandra Kurla Complex, Bandra, Mumbai 400 051	Operational convenience
July 14, 2017	Registered office was changed from Ground Floor, Madhava, Near Family Court, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 to DHFL House, 1st floor, 19, Sahar Road, off. Western Express Highway, Vile Parle (East), Mumbai – 400099	Operational convenience
April 24, 2019	Registered office was changed from DHFL House, 1st floor, 19, Sahar Road, Off Western Express Highway, Vile Parle (East), Mumbai 400 099 to 001 and 002 Fulcrum, A Wing, Ground Floor, Sahar Road, Next to Hyatt Regency, Andheri (East), Mumbai India 400 099	Owing to termination of the lease agreement for the previous address of the registered office
January 31, 2024	Registered office was changed from 001 and 002 Fulcrum, A Wing, Ground Floor, Sahar Road, Next to Hyatt Regency, Andheri (East), Mumbai 400 099 to 4th floor, E Wing, Times Square Building, Andheri Kurla Road, Andheri (East), Mumbai 400 059	Pursuant to expiry of the leave and license agreement of the previous registered office

* *The secretarial records for changes in the registered office of our Company could not be traced as the relevant information was not available in the records maintained by our Company. For details see, "Risk Factor - We are unable to trace some of our corporate records including minutes of the Board meetings and corresponding form filings. Further, there have been inaccuracies in certain of our regulatory filings and certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 47.*

Main objects of our Company

The main objects in our Memorandum of Association are set forth below:

"To carry on the business of lending money by way of loan, advances, overdraft or otherwise either at interest or without and/or with or without security and upon such terms and conditions as may be decided by the Board of the Company from time to time.

To solicit and procure Insurance business as Corporate Agent in respect of all classes of insurance and to undertake such other activities as are incidental or ancillary thereto.

To carry on the business of retail and institutional distribution of the units of mutual funds or other trusts, funds or pooled investment vehicles or any other financial products issued by banks, mutual funds, non-banking financial companies, asset reconstruction companies or any financial intermediary."

The main objects as contained in our Memorandum of Association enable our Company to carry on the business presently being carried on and proposed to be carried on by our Company.

Amendments to our Memorandum of Association

The following table sets forth details of the amendments to our Memorandum of Association, in the last 10 years preceding the date of this Draft Red Herring Prospectus:

Date of Shareholders' resolution/ Date of Change	Details of the amendments
April 4, 2016	Clause IIIA of the Memorandum of Association of our Company was amended to insert sub-clause 1B after the existing sub-clause IIIA-1A for an additional object to be pursued by our Company. The aforesaid object is "*To carry on the business of retail and institutional distribution of the units of mutual funds or other trusts, funds or pooled investment vehicles or any other financial products issued by banks, mutual funds, non-banking financial companies, asset reconstruction companies or any financial intermediary.*"
March 7, 2018	Clause V of the Memorandum of Association of our Company was amended to reflect the increase in authorised share capital of our Company from ₹600,000,000 divided into 60,000,000 equity Shares of ₹10 each to ₹1,000,000,000 divided into 100,000,000 equity shares of ₹10 each.
August 12, 2022	Clause V of the Memorandum of Association of our Company was amended to reflect the increase in authorised share capital of our Company from ₹1,000,000,000 divided into 100,000,000 equity shares of ₹10 each to ₹2,000,000,000 divided into 100,000,000 equity shares of ₹10 each and 100,000,000 Preference Shares of ₹10 each.
January 6, 2023	Clause V of the Memorandum of Association of our Company was amended to reflect the reclassification of authorised share capital of our Company from ₹2,000,000,000 divided into 100,000,000 equity shares of ₹10 each and 100,000,000 Preference Shares of ₹10 each to ₹2,000,000,000 divided into 175,000,000 equity shares of ₹10 each and 25,000,000 Preference Shares of ₹10 each.
April 26, 2024	Clause V of the Memorandum of Association of our Company was amended to reflect the sub-division of equity shares of the Company of our Company from 2,000,000,000 divided into 175,000,000 equity shares of ₹10 each and 25,000,000 Preference Shares of ₹10 each to ₹2,000,000,000 divided into 350,000,000 equity shares of ₹5 each and 25,000,000 Preference Shares of ₹10 each *Note: Our Company has been unable to file form SH-7 with the MCA for the sub-division of equity shares of face value of ₹10 to Equity Shares of face value of ₹5 each due to a technical issue.*

Major events and milestones our Company

The table below sets forth the key events and milestones in the history of our Company:

Financial year	Milestone
2013	Completion of the first full year of launch of operations as an NBFC providing education loan
2014	Investment by IFC in our Company for an amount of ₹ 127.49 million
2015	Launch of the educational institutions loan business
2018	Our AUM crossed ₹10,000 million
2019	Launched digital lending business
2019	Acquisition of 80.00 % stake in our Company by our Promoter, Olive Vine Investment Ltd
2020	Executed credit agreement for $15.00 million from WorldBusiness Capital Inc., the said facility was guaranteed by the United States International Development Finance Corporation
2023	First tranche of investment by Kedaara Capital in our Company for an amount of ₹6,000.00 million.
2023	Incorporation of our subsidiary, Avanse Global Finance IFSC Private Limited
2023	Upgrade in our credit rating from A+ to AA-
2024	Second tranche of investment by Kedaara Capital in our Company for an amount of ₹2,000.00 million.
2024	Acquisition of 4.13% stake by Kedaara Pichola in our Company for an amount of approximately ₹2,083.00 million
2024	Investment by Alpha and Avendus Future in our Company to the tune of ₹9,000.00 million and ₹1,000.00 million respectively.

Awards and accreditations

Details of key awards received by our Company are set out below:

Calendar Year	Name of the award
2024	'Pioneer in Education Lending for the Year 2024' at event organised by Krypton
2024	'CX Strategy of the Year' by Inventicon Business Intelligence
2023	'Excellent Use of Technology in NBFC Services' by Elets BFSI
2023	'Best Automation Project (Education Finance Company)' presented by Expleo
2023	'Risk Initiative of the Year' at event organised by Synnex
2023	'Education Financing Company of the Year' ET Ascent
2022	'Best Brands 2022' by the Economic Times
2022	'Best in Data Security – Financial Services' at event organised by Quantic
2022	'Outstanding Performance in Customer Centricity' at event organised by Elets
2022	'Best Use of Omnichannel' by Synnex Group
2022	'Excellence in Loans' by Lentra
2022	'Business leader in the category of education financing in India' at the Business Titans Award, Chapter Dubai by Radio City
2021	'Best Brands' by the Economic Times
2021	'Best Covid-19 Project Team' by Feather Touch
2021	'National Awards for Excellence in CSR'
2021	'Education Lending Company of the Year (NBFC Category)' at the BFSI Excellence Awards 2021
2021	'Award for Enhanced Education Financing Solution' at the Finnoviti Awards by Banking Frontiers

Time and cost overruns

There have been no time and cost overruns in respect of our business operations.

Defaults or re-scheduling/ restructuring of borrowings

Our Company has not defaulted on repayment of any loan availed from any banks or financial institutions. There has been no rescheduling/ restructuring of borrowings with financial institutions/ banks in respect of our Company's borrowings.

Significant financial and strategic partners

Our Company does not have any significant financial or strategic partners as on the date of this Draft Red Herring Prospectus.

Capacity/facility creation, location of branches

For details regarding locations of our branches, see "*Our Business*" on page 174.

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 174.

Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years

Our Company has not made any material acquisitions or divestments of business/ undertakings, mergers, amalgamation, any revaluation of assets, etc., in the last 10 years preceding the date of this Draft Red Herring Prospectus.

Our Holding Company

Olive Vine, our Promoter, is our Holding Company. For details, see "*Our Promoter and Promoter Group*" beginning on page 228.

Pursuant to the share purchase agreement dated March 16, 2019, entered into by and among our Company, Wadhawan Global Capital Limited, Dewan Housing Finance Corporation Limited, Wadhawan Holdings Private Limited, Infill Retail Ventures Private Limited, Wadhawan Consolidated Holdings Private Limited, Kapil Wadhawan, Dheeraj Wadhawan, P.K. Kumar, Vijay Tambe, Mohit Chaturvedi and Prahalad Kulkarni ("**the Erstwhile Promoter Group**") and Olive Vine, our Promoter, acquired 50,284,014 equity shares of face value ₹10 each constituting 80.00% of the then existing equity share capital of our Company, from the Erstwhile Promoter Group at the price of ₹152 per equity share, aggregating ₹7,640 million. The acquisition of the equity shares was subject to fulfilment of certain conditions by the Company and the sellers, including, inter alia, the Company obtaining prior approval from the lenders, and WGCL and DHFL obtaining prior consent/no-objection certificates from the trustees of the debenture holders of the outstanding secured non-convertible debentures issued by Wadhawan Global Capital Limited, which conditions were complied with prior to closing of the acquisition.

Subsequently, our Promoter invested ₹2,400 million into our Company in consideration for 15,789,474 additional equity shares of face value ₹10 each issued by our Company pursuant to a preferential allotment on July 30, 2019. Our Promoter further invested ₹2,950 million into our Company in consideration for 16,951,916 CCPS allotted by our Company on September 16, 2022 pursuant to a rights issue. The CCPS were subsequently converted into 8,623,549 equity shares of face value ₹10 each on January 19, 2023. For details, see "*Capital Structure*" beginning on page 75.

Summary of Financial Information of Olive Vine:

(in US$ million, unless indicated otherwise)

Particulars	For the year ended		
	March 31, 2023	March 31, 2022	March 31, 2021
Accumulated Profits	193.36	98.13	48.16
Revenue (Net changes in fair value movement on investment at fair value through profit or loss)	108.99	56.70	(0.40)
Profit for the year, representing total comprehensive income for the year	95.34	49.97	(0.03)
Basic Earnings per share (Face Value of $1)(1)	0.51	0.34	(0.00)
Net asset value(2)	380.04	244.99	195.02

Note:

(1) *Basic Earnings per share calculated as profits for the year, representing total comprehensive income for the year divided by the total number of equity shares as at the end of the period (in US$; not US$ millions)*

(2) *Net asset value calculated as (Share Capital + Accumulated Profits) divided by total number of equity shares and redeemable preference shares as at the period end (in US$; not US$ millions)*

Joint Ventures

As on the date of this Draft Red Herring Prospectus, our Company does not have any joint ventures.

Our Subsidiary

As on the date of this Draft Red Herring Prospectus, our Company has one Subsidiary, Avanse Global Finance IFSC Private Limited ("**Avanse Global Finance**").

The details of Avanse Global Finance have been provided below:

Corporate information

Avanse Global Finance was incorporated as a private limited company under the Companies Act, 2013 on January 11, 2023. Its corporate identification number is U65900GJ2023PTC138316. The registered office of Avanse Global Finance is situated at Unit No. GA09 GF floor, Pragya Accelerator Block, 15T IFSC SEZ, Gandhinagar, Gift SEZ 382 355, Gujarat, India.

Nature of business

Avanse Global Finance is, among other things, engaged in the business of providing overseas education financing and lending money in foreign currencies.

Capital structure

The authorised, issued and paid-up share capital of Avanse Global Finance is ₹275,000,000 divided into 27,500,000 equity shares of ₹10 each. The issued and paid-up share capital of Avanse Global Finance is ₹267,379,480 divided into 26,737,948 equity shares of ₹10 each.

Shareholding

As on the date of this Draft Red Herring Prospectus, the shareholding pattern of Avanse Global Finance is as follows:

Name of the shareholder	Number of equity shares held	Percentage of the total equity shareholding (%)
Our Company	26,737,908	100.00
Amit Gainda*	10	Negligible
Amit Yadav*	10	Negligible
Vineet Mahajan*	10	Negligible
Yogesh Rawat*	10	Negligible
Total	**26,737,948**	**100.00**

* *Nominee shareholders of our Company.*

Accumulated profits or losses

As on the date of this Draft Red Herring Prospectus, there are no accumulated profits or losses of Avanse Global Finance that have not been accounted for or consolidated by our Company.

Common Pursuits

Except as stated below, our Subsidiary does not have any common pursuits with that of our Company:

Our Subsidiary is involved in the same line of business as that of Company i.e., lending business / financial services. However, our Subsidiary lends in foreign currency only, while our Company lends in Indian Rupee only. As on date of this Draft Red Herring Prospectus, there are no common pursuits between our Company and Subsidiary.

There is no conflict of interest between the lessors of the immovable properties and third party service providers of the Company (crucial for operation of the Company) and our Subsidiary or our Subsidiary's directors.

Shareholders' agreements and other agreements

Except as disclosed below, our Company does not have any subsisting shareholders' agreements among our Shareholders vis-a-vis our Company:

Shareholders' agreement dated March 6, 2024, entered into by and amongst our Company, our Promoter, International Finance Corporation ("IFC"), Kedaara Capital Growth Fund III LLP ("Kedaara Capital"), Kedaara Pichola Holding Limited ("Kedaara Pichola") and Alpha Investment Company LLC ("Alpha") read with the Deed of Adherence dated March 22, 2024, entered into by and between our Company and Avendus Future Leaders Fund II ("Avendus-DoA") (collectively the "SHA") as amended by the amendment and waiver agreement to the SHA dated June 20, 2024 and the second amendment agreement to the SHA dated July 18, 2024 (collectively the "Amendment Agreements")

The parties thereof have entered into the SHA (as amended by the Amendment Agreements), recording their rights and obligations in relation to the operation and management of our Company. Pursuant to the SHA, our Promoter is entitled to appoint majority of the Directors on the Board of our Company proportionate to their shareholding, subject to a minimum of 1 Director. In the event the majority of the Board is not comprised of Independent Directors, IFC is entitled to nominate one Director on the Board. Further, Kedaara Capital together with Kedaara Pichola, and Alpha have the right to nominate one Director each to the Board. Kedaara Capital together with Kedaara Pichola, and Alpha also have the right to nominate one observer each to the Board of our Company until the appointment of their respective nominee directors on the Board of our Company. Further, parties are also entitled to certain other customary rights including inter se share transfer restrictions (including tag-along, drag along rights and right of first offer), pre-emptive rights on further issuance of shares and reporting covenants. Further, the investors are also entitled to reserved matter rights including in relation to the ability of the Company to undertake the Offer.

The Shareholders' Agreement (as amended by the Amendment Agreements) shall automatically terminate in respect to each party, in its entirety, immediately upon the listing of the equity shares of the Company on a recognised Stock Exchange in an IPO, without any further act or deed, including any corporate action, and without prejudice to any existing or accrued rights or liabilities of any party under the Shareholders' Agreement prior to the date of such termination, subject to the survival of certain provisions related to among others, announcements/confidentiality and applicable law and arbitration.

The Parties have entered into the Amendment Agreements with the objective of undertaking the Offer. Pursuant to the Amendment Agreements, parties have provided the requisite consents and waivers on certain matters in relation to the Offer which include, among others, waivers for transfer of Equity Shares by the existing Shareholders through tag along and drag along rights available to the parties to the Shareholders Agreement, The Amendment Agreements also provide that in the event our Board decides by way of a resolution passed at its meeting or a meeting of a duly constituted committee thereof, not to undertake the Offer, or if the Offer being unsuccessful due to any reason or on 9 months from the date of the filing of the DRHP, whichever is earlier, the Parties shall be placed in the same position and possess the same rights and be subjected to the same obligations existing prior to the execution of the Amendment Agreement and the provisions of the SHA shall become applicable

IFC Policy Agreement

Our Company has entered into a policy agreement dated June 20, 2024 with IFC (the "***Policy Agreement***") as amended by the amendment dated July 18, 2024 to the Policy Agreement which will come into effect on the date of listing of the equity shares of the Company on a recognised Stock Exchange in an IPO and remain in effect till IFC continues to be a Shareholder of our Company or such agreement is mutually agreed to be terminated. Pursuant to the Policy Agreement, our Company has agreed to comply with certain policy reporting requirements and covenants inter-alia in relation to sanctionable practices, environmental and social covenants, compliance with UN Security Council Resolutions, ethics policies etc. in accordance with IFC's requirements. Any information required to be provided by our Company pursuant to the Policy Agreement shall be shared in compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. Further, if any specified information is required to be disclosed to IFC under the Policy Agreement, the Company shall, publish such information on the Stock Exchanges or notify on the Company's website, simultaneous with or prior to, the disclosure to IFC.

Subscription letter dated March 6, 2024, entered into by and between our Company and Avendus Future Leaders Fund II ("Subscription Letter")

Pursuant to the Subscription Letter, Avendus Future had agreed to subscribe to 1,437,815 equity shares having face value of ₹10 each for an aggregate consideration of approximately ₹1,000.00 million.

Share subscription agreement dated March 6, 2024, entered into by and between our Company and Alpha Investment Company LLC ("SSA-I").

Pursuant to the SSA-I, Alpha had agreed to subscribe to 12,940,331 equity shares having face value of ₹10 each for an aggregate consideration of approximately ₹9,000.00 million.

Share subscription agreement dated December 28, 2022, entered into by and between our Company and Kedaara Capital ("SSA-II").

Pursuant to the SSA-II, Kedaara Capital had agreed to subscribe to 17,688,940 equity shares having face value of ₹10 each for an aggregate consideration of approximately ₹8,000.00 million in two tranches. For further details, see "*Capital Structure*" on page 75.

Share subscription agreement dated June 28, 2013, entered into by and between our Company, Dewan Housing Finance Corporation Limited, Wadhawan Holdings Private Limited, Wadhawan Retail Ventures Private Limited, Wadhawan Consolidated Holdings Private Limited, Kapil Wadhawan, Dheeraj Wadhawan and IFC ("SSA-III").

Pursuant to the SSA-III, IFC had agreed to subscribe to 3,269,230 equity shares having face value of ₹10 each for an aggregate consideration of approximately ₹127.49 million.

Except as disclosed above and in this Draft Red Herring Prospectus, our Company has not entered into any material agreements prejudicial to the interests of public shareholders and other than in the ordinary course of business, carried on or intended to be carried on by our Company.

Details of guarantees given to third parties by our Promoter who is participating in the Offer for Sale

Our Promoter has not given any guarantee to any third party, that is outstanding on the date of this Draft Red Herring Prospectus.

Agreements with Key Managerial Personnel, Senior Management Personnel, Directors, Promoter, or any other employee

Our Key Managerial Personnel, Senior Management Personnel, Directors, Promoter, or any other employee have not entered into any agreement with any shareholder or any third party with regard to compensation or profit-sharing in connection with dealings in the securities of our Company.

Key terms of other subsisting material agreements

Our Company has not entered into any other subsisting material agreement, other than in the ordinary course of business.

Other material agreements

Except as disclosed in this Draft Red Herring Prospectus, there are no other agreements, arrangements, clauses, covenants which are material and which are required to be disclosed. Further, there are no clauses or covenants which are adverse or pre-judicial to the interest of the minority/public shareholders or the non-disclosure of which may have bearing on the investment decision.

OUR MANAGEMENT

In terms of the Articles of Association, our Company is authorised to have up to 15 directors. As on the date of this Draft Red Herring Prospectus, our Board has nine Directors comprising our Managing Director and eight Non-Executive Directors including four Independent Directors. Our Company has two-woman Independent Directors.

Our Board

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

S. No.	Name, designation, period of directorship, term, address, occupation, date of birth, DIN and age	Other directorships
1.	**Neeraj Swaroop** **Designation:** Chairman and Independent Director **Period of Directorship:** Since July 30, 2019 **Term:** With effect from July 30, 2022 for a period of 5 years **Address:** 1104, Signia Isles, G Block, Near Dhirubhai International School, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India **Occupation:** Self-employed professional **Date of Birth:** July 15, 1958 **DIN:** 00061170 **Age:** 66 years	**Indian Companies**: • HDFC Securities Limited • SBFC Finance Limited • Spandana Sphoorty Financial Limited **Foreign Companies**: Nil
2.	**Amit Gainda** **Designation:** Managing Director and Chief Executive Officer **Period of Directorship:** Since March 2, 2022 **Term:** With effect from July 30, 2024 till July 29, 2029 and liable to retire by rotation **Address:** A 003, Lower First, Oberoi Exquisite, behind Oberoi Mall, Goregaon East, Mumbai 400 063, Maharashtra, India **Occupation:** Service **Date of Birth:** April 1, 1975 **DIN:** 09494847 **Age:** 49 years	**Indian Companies**: • Avanse Global Finance IFSC Private Limited **Foreign Companies**: Nil
3.	**Narendra Ostawal** **Designation:** Non–Executive Director* **Period of Directorship:** Since July 30, 2019 **Term:** Liable to retire by rotation **Address:** Flat No. B 4101, One Avighna Park, Currey Road, Mumbai, Maharashtra 400 012, India **Occupation:** Service **Date of Birth:** November 13, 1977 **DIN:** 06530414	**Indian Companies**: • Carmel Point Investments India Private Limited • Fusion Micro Finance Limited • Home First Finance Company India Limited • IndiaFirst Life Insurance Company Limited • Micro Life Sciences Private Limited • Vistaar Financial Services Private Limited • Warburg Pincus India Private Limited **Foreign Companies**: Nil

S. No.	Name, designation, period of directorship, term, address, occupation, date of birth, DIN and age	Other directorships
	Age: 46 years	
4.	**Hemant Omprakash Mundra** **Designation:** Non–Executive Director* **Period of Directorship:** Since July 1, 2024 **Term:** Liable to retire by rotation **Address:** Bungalow No. 48, Pratishthaavas, Ghod Dod Road, Surat City, 395 007, Gujarat, India **Occupation:** Professional **Date of Birth:** October 4, 1988 **DIN:** 08192978 **Age:** 35 years	**Indian Companies:** • M K Printpack Private Limited • Parksons Packaging Private Limited • Terra One Packaging Private Limited • Vistaar Financial Services Private Limited **Foreign Companies**: Nil
5.	**Sunish Sharma** **Designation:** Non–Executive Director[%] **Period of Directorship:** Since July 1, 2024 **Term:** Liable to retire by rotation **Address:** 1305, North Tower, The Imperial, B B Nakashe Marg, Tardeo, Mumbai, Tulsiwadi, Mumbai City, Maharashtra, 400 034 **Occupation:** Professional **Date of Birth:** October 25, 1974 **DIN:** 00274432 **Age:** 49 years	**Indian Companies:** • Care Health Insurance Limited • Spandana Sphoorty Financial Limited • Vedant Fashions Limited **Foreign Companies:** Nil
6.	**Luca Molinari** **Designation:** Non–Executive Director[#] **Period of Directorship:** Since July 1, 2024 **Term:** Liable to retire by rotation **Address:** W 62, Plot 30, Type V2, Villa 35 (W50_01-64) PO Box 45005, Abu Dhabi, UAE **Occupation:** Professional **Date of Birth:** May 15, 1973 **DIN:** 10615114 **Age:** 51 years	**Indian Companies:** Nil **Foreign Companies:** Truist Insurance Holdings
7.	**Vijayalakshmi R. Iyer** **Designation:** Independent Director **Period of Directorship:** Since July 30, 2019 **Term:** With effect from July 30, 2022 for a period of 5 years	**Indian Companies**: • Aditya Birla Capital Limited • Axis Mutual Fund Trustee Limited • BFSI Sector Skill Council of India • CG Power and Industrial Solutions Limited • Computer Age Management Services Limited

S. No.	Name, designation, period of directorship, term, address, occupation, date of birth, DIN and age	Other directorships
	Address: 1402 Burberry Tower, Nahar Amrit Shakti Gate -7, Chandivali, Powai, Andheri East, Mumbai – 400 072, Maharashtra, India **Occupation:** Consultant **Date of Birth:** June 1, 1955 **DIN:** 05242960 **Age:** 69 years	• Gawar Investment Manager Private Limited • Glenmark Pharmaceuticals Limited • ICICI Securities Limited • L&T Metro Rail (Hyderabad) Limited **Foreign Companies**: Nil
8.	**Ravi Venkatraman** **Designation:** Independent Director **Period of Directorship:** Since July 5, 2021 **Term:** With effect from July 5, 2021 for a period of 5 years **Address:** A/4 Plot No. NA-52, New Samrat Society, Andheri Kurla Road, Opp. Vishal Hall, Andheri (East), Mumbai 400 069, Maharashtra, India **Occupation:** Self-employed consultant **Date of Birth:** July 2, 1959 **DIN:** 00307328 **Age:** 65 years	**Indian Companies**: • Aditya Birla ARC Limited • Arisinfra Solutions Private Limited • Bajaj Finserv Mutual Fund Trustee Limited • ESAF Small Finance Bank Limited • Kotak Mahindra General Insurance Company Limited • Kotak Mahindra Prime Limited • Sarvagram Solutions Private Limited • SBFC Finance Limited **Foreign Companies**: Nil
9.	**Savita Mahajan** **Designation:** Independent Director **Period of Directorship:** Since December 1, 2018 **Term:** With effect from December 1, 2021 for a period of 5 years **Address:** Town House No. 3, 222, Rajpur Road, Max Estates, Rajpur –248 009, Dehradun, India **Occupation:** Self-employed consultant **Date of Birth:** March 14, 1959 **DIN:** 06492679 **Age:** 65 years	**Indian Companies**: • Aurobindo Pharma Limited • Bhagirath Resurgence Private Limited • Gemini Edibles & Fats India Limited • India Shelter Finance Corporation Limited **Foreign Companies**: Nil

** Nominee of Olive Vine.*
 # Nominee of Alpha.
% Nominee of Kedaara Capital and Kedaara Pichola.

Brief biographies of Directors

Neeraj Swaroop is the Chairman and Independent Director of our Company. He holds a bachelor’s degree in technology (mechanical engineering) from the Indian Institute of Technology, Delhi and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. He has experience in the banking and financial services sector. Prior to joining us, he worked with HDFC Bank Limited and Standard Chartered Bank. He is currently serving as the director on the board of directors of HDFC Securities Limited, SBFC Finance Limited and Spandana Sphoorty Financial Limited and is an operating partner with Kedaara Capital Fund II LLP.

Amit Gainda is the Managing Director and Chief Executive Officer of our Company. He has completed the post graduate programme in management (part- time) from the International Management Institute and has completed the INSEAD leadership programme for senior Indian executives from INSEAD. He has experience in the banking and financial services sector. Prior to joining us, he worked with GE Money Financial Services Limited, Bajaj Auto Finance Limited, Citicorp Credit Services India Limited, Dewan Housing Finance Corporation Limited and SB Leasing and Finance.

Narendra Ostawal is a Non-Executive Director of our Company. He has cleared the final examination for bachelor's degree in commerce from the Bangalore University, Bengaluru and has cleared the final examination for post graduate diploma in management from the Indian Institute of Management, Bangalore. He has cleared the final examination held by the Institute of Chartered Accountants of India. He also attended the international executive business program at the University of Chicago's Graduate School of Business as an exchange scholar. He has been associated with Warburg Pincus India Private Limited since 2007 where he currently holds the position of managing director and leads the Warburg Pincus India Private Limited' investment advisory activities in India. Prior to joining us, he has worked with 3i India Private Limited and McKinsey & Company, Inc.

Hemant Omprakash Mundra is a Non-Executive Director of our Company. He holds a bachelor's degree in technology in chemical engineering from the Indian Institute of Technology, Mumbai and a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad, where he was a gold medallist. He has cleared level III of chartered financial analyst exam conducted by the CFA Institute, USA. He is currently associated with Warburg Pincus India Private Limited as principal. He has experience in the private equity sector. Prior to joining our Company, he has also worked with various organisations such as Kedaara Capital Advisors LLP, Deloitte Consulting India Private Limited and Rothschild (India) Private Limited.

Sunish Sharma is a Non-Executive Director of our Company. He holds a bachelor's degree in commerce (honours) from the University of Delhi and post-graduate diploma in computer aided management from the Indian Institute of Management, Calcutta (gold medalist). He has cleared the final examination held by the Institute of Cost and Works Accountants of India. He is currently the founder and managing partner of Kedaara Capital Business Services LLP. Prior to founding Kedaara Capital Business Services LLP, he was a managing director General Atlantic and before that, he worked with McKinsey & Company, Inc.

Luca Molinari is a Non-Executive Director of our Company. He holds a degree in business administration from the Bocconi University, Italy. He is currently associated as the deputy platform chief executive officer in Mubadala Investment Company and is an employee of Mubadala Investment Company. He has experience in the private equity sector. He has previously worked with various organisations including Warburg Pincus LLC and UniCredit S.p.A.

Vijayalakshmi R. Iyer is an Independent Director of our Company. She holds a master's degree in commerce from the University of Bombay. Prior to joining us, she worked with the Central Bank of India and the Bank of India. She is presently on the board of various companies, including Glenmark Pharmaceuticals Limited, Aditya Birla Capital Limited, ICICI Securities Limited and Computer Age Management Services Limited.

Ravi Venkatraman is an Independent Director of our Company. He has cleared the final examination held by the Institute of Chartered Accountants of India and has also cleared the final examination held by the Institute of Cost and Works Accountants of India. He has experience in the banking and financial services sector. Prior to joining us, he worked with Mahindra & Mahindra Financial Services Limited. He is presently on the board of various companies, including ESAF Small Finance Bank Limited, Kotak Mahindra Prime Limited and SBFC Finance Limited.

Savita Mahajan is an Independent Director of our Company. She holds a bachelor's degree in arts (honours) from the University of Delhi and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. Prior to joining us, she has worked with the Indian School of Business, Hyderabad, Karvy Consultants Limited and Maruti Udyog Limited. She is presently on the board of various companies, including Aurobindo Pharma Limited and India Shelter Finance Corporation Limited.

Relationship between our Directors, Key Managerial Personnel and Senior Management Personnel

None of our Directors, Key Managerial Personnel and Senior Management Personnel are related to each other.

Confirmations

Except for the business relationships that may exist between the companies wherein Narendra Ostawal or Sunish Sharma or Hemant Omprakash Mundra is a director and third party service providers of our Company in its ordinary course of business, there are no conflict of interests between the third party service providers of our Company (crucial for operations of the Company) and the other Directors and Key Managerial Personnel.

Except for the business relationships that may exist between the companies wherein Narendra Ostawal or Sunish Sharma or Hemant Omprakash Mundra is a director and the lessors of the immovable properties of our Company in its ordinary course of business, there are no conflict of interests between the lessors of the immovable properties of our Company (crucial for operation of our Company) and the other Directors and Key Managerial Personnel.

None of our Directors are or were a director of any listed company during the five years immediately preceding the date of this Draft Red Herring Prospectus, whose shares have been or were suspended from being traded on any stock exchange during the term of their directorship in such company.

None of our Directors are prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

None of our Directors are or were a director of any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company.

None of our Directors have been identified as Wilful Defaulters or Fraudulent Borrowers by any bank or financial institution or consortium, in accordance with the applicable guidelines issued by the Reserve Bank of India.

None of our Directors have any interest in any property acquired or proposed to be acquired of the Company or by the Company or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Terms of appointment of our Managing Director and Chief Executive Officer

Amit Gainda

Pursuant to the resolution passed by our Board dated March 20, 2017, Amit Gainda was appointed as Chief Executive Officer of the Company with effect from April 1, 2017. Subsequently, pursuant to resolutions passed by our Board and Shareholders held on February 1, 2022, and May 6, 2022, respectively Amit Gainda has also been appointed as the Managing Director of our Company with effect from March 2, 2022 till July 29, 2024. The terms of the appointment of Amit Gainda are provided in the employment agreement dated July 30, 2019, supplemental agreement dated March 16, 2022 and extension agreement dated July 29, 2024 ("**Employment Agreements**"). Further, the Board and Shareholders have approved the re-appointment of Amit Gainda for a further period of five years from July 30, 2024 vide their resolution passed on April 4, 2024 and June 20, 2024 respectively. RBI has approved the said re-appointment vide their e-mail dated May 6, 2024. He is liable to retire by rotation.

The details of remuneration of Amit Gainda for Financial Year 2025, as approved by our Nomination, Remuneration and Compensation Committee and our Board, in their meetings each held May 14, 2024, read in consonance with the Employment Agreements, are stated below:

(a) Annualised base salary of ₹42.15 million per annum;

(b) Incentive bonus not exceeding ₹22.58 million per annum based on achievement of the parameters as set forth in the Employment Agreements;

(c) Non-monetary employee benefit plans as available to employees of the Company from time to time;

(d) Reimbursement of business-related expenses, including but not limited to, travel, tele-communications and entertainment in line with Company policy;

(e) Coverages under directors and officers liability insurance policy; and

(f) Employee stock options in accordance with the ESOP Schemes and the Employment Agreements.

Remuneration to our Directors

The remuneration paid to our Directors in Financial Year 2024 is as follows:

Remuneration to our Executive Director

The details of the remuneration and commission paid in the Financial Year 2024 is as follows:

Sr. No.	Name of the Managing Director	Remuneration (₹ in million)
1.	Amit Gainda	152.12*

** Remuneration including salary and all allowances, benefits, perquisites (including ESOP related perquisites amounting to ₹ 98.14 million), facilities and amenities.*

Remuneration to our Non-Executive Directors (excluding Independent Directors)

Narendra Ostawal, our Non-Executive Director is not entitled to any remuneration from our Company. Accordingly, no remuneration was paid to him in the Financial Year 2024. Additionally, Sunish Sharma, Luca Molinari and Hemant Omprakash Mundra were appointed in Financial Year 2025 and were not entitled to any remuneration in Financial Year 2024. Accordingly, no remuneration was paid to them in the Financial Year 2024.

Remuneration to our Independent Directors

Pursuant to the resolution passed by our Board on August 12, 2019, and Shareholders dated September 26, 2019, each of our Independent Directors are entitled to a commission of ₹1.00 million per annum and in case the chairperson of the Board is an independent director he/she is entitled to an additional commission of ₹1.00 million per annum. Our Company has, pursuant to a Board resolution dated August 12, 2019, fixed ₹0.05 million per meeting as the sitting fees payable to our Independent Directors for attending the meetings of our Board and ₹0.04 million per meeting for attending the meetings of our Committees.

The details of remuneration paid to our Independent Directors during Financial Year 2024, are as follows:

Sr. No.	Name of Independent Director	Number of meetings attended	Sitting Fees (₹ in million)	Commission (₹ in million)	Amount (₹ in million)*
1.	Savita Mahajan	17	0.83	1.09	1.92
2.	Vijayalakshmi R. Iyer	19	0.92	1.09	2.01
3.	Ravi Venkatraman	19	0.92	1.09	2.01
4.	Neeraj Swaroop	19	0.92	2.18	3.10

** Inclusive of Goods and Services Tax, wherever applicable.*

There is no contingent or deferred compensation payable to any of our Directors which accrued in Financial Year 2024**.**

Arrangement or understanding with major Shareholders, customers, suppliers or others

Except, for (i) Narendra Ostawal, who has been appointed as a nominee of Olive Vine pursuant to the shareholders agreement dated July 29, 2019, terms of the deed of covenant dated July 30, 2019 entered inter-alia amongst the Company and Narendra Ostawal and our Articles of Association; and (ii) Luca Molinari who has been appointed as a nominee of Alpha, Sunish Sharma who has been appointed as a nominee of Kedaara Capital and Kedaara Pichola and Hemant Omprakash Mundra, who have been appointed as nominee of Olive Vine, pursuant to the SHA and Amendment Agreements, there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Directors have been appointed on the Board or as Senior Management Personnel.

Service Contracts with Directors

None of our Directors have entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

Bonus or profit-sharing plan for Directors

None of our Directors are party to any bonus or profit-sharing plan of our Company.

Shareholding of Directors in our Company

As per our Articles of Association, our Directors are not required to hold any qualification shares.

Except as disclosed below, as on date of this Draft Red Herring Prospectus, none of our Directors hold any Equity Shares:

Sr. No.	Name of the Director	Number of Equity Shares of face value of ₹5 each held
1.	Amit Gainda	2*

** Holds 2 Equity Shares of face value of ₹5 each as nominee of Olive Vine.*

Interests of Directors

Our Executive Director may be regarded as interested to the extent of the remuneration payable to him for services rendered as a Managing Director of our Company, and to the extent of other reimbursement of expenses payable to him as per his terms of appointment.

The Independent Directors are paid sitting fees for attending the meetings of the Board and committees of the Board and may be regarded as interested to the extent of other reimbursement of expenses payable to them as per their terms of appointment.

None of our Directors have any interests in the promotion or formation of our Company.

Our Directors may also be deemed to be interested to the extent of Equity Shares of face value of ₹5 each (together with dividends and other distributions in respect of such Equity Shares), held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives. Our Directors may also be deemed to be interested to the extent of stock options granted or Equity Shares of face value of ₹5 each to be allotted pursuant to the exercise of options granted to them under ESOP Schemes. For details, see "*Capital Structure – Employee Stock Option Scheme of our Company*" on page 91.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which any of our Directors are interested as members, by any person, either to induce him to become, or to qualify him as, as a Director, or otherwise for services rendered by our Directors or by the firm or company in which they are interested as members, in connection with the promotion or formation of our Company.

No loans have been availed by our Directors from our Company.

Changes in our Board in the last three years

Details of the changes in our Board in the last three years preceding the date of this Draft Red Herring Prospectus are set forth below:

Sr. No.	Name	Date of Change	Reason for change in board
1.	Luca Molinari^	July 1, 2024	Appointed as the Non–Executive Director
2.	Hemant Omprakash Mundra*	July 1, 2024	Appointed as the Non–Executive Director
3.	Sunish Sharma#	July 1, 2024	Appointed as the Non–Executive Director
4.	Amit Gainda	March 2, 2022	Appointed as the Managing Director

* *Nominee directors of Olive Vine.*

\# *Nominee director of Kedaara Capital and Kedaara Pichola.*

^ *Nominee director of Alpha.*

***Note**: This does not include changes pursuant to re-appointment of directors.*

Borrowing powers of the Board

In accordance with the Articles of Association and pursuant to a resolution passed by the Shareholders of our Company on September 27, 2023, our Board is authorised to borrow such sum or sums of money or monies for the purposes of the business of our Company as may be required from time to time, on such terms and conditions and with or without security as our Board may think fit, which together with the monies already borrowed by our Company, provided that the total amount of money/ monies so borrowed by our Board shall not at any time exceed the limit of ₹180,000 million.

Corporate Governance

Being a high value debt listed entity, the provisions relating to corporate governance prescribed under the SEBI Listing Regulations are applicable to us on "comply or explain basis" and the same shall be applicable to us from April 1, 2025 (as may be extended by SEBI from time to time) or immediately upon listing of the Equity Shares of face value of ₹5 each on the Stock Exchanges, whichever is earlier. We are in compliance with the said requirements of corporate governance including with respect to composition of Board and constitution of the committees of the Board, including the Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee by our Company and formulation and adoption of policies, as prescribed under the SEBI Listing Regulations.

As on the date of this Draft Red Herring Prospectus, our Board has nine Directors comprising of our Managing Director, eight Non-Executive Directors including four Independent Directors including two-woman Independent Directors. In compliance with Section 152 of the Companies Act, 2013, not less than two thirds of the Directors (excluding Independent Directors) are liable to retire by rotation.

Committees of the Board

The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas. In addition to the Committees detailed below, our Board of Directors may, from time to time constitute Committees for various functions.

Details of the Committees as on the date of this Draft Red Herring Prospectus are set forth below.

Audit Committee

The members of the Audit Committee are:

Sr. No.	Name of Director	Committee Designation
1.	Ravi Venkatraman, Independent Director	Chairperson
2.	Vijayalakshmi R. Iyer, Independent Director	Member
3.	Savita Mahajan, Independent Director	Member
4.	Narendra Ostawal, Non-Executive Director*	Member

* *Nominee of Olive Vine.*

The Audit Committee was constituted at a meeting of our Board held on April 22, 2013 and was last re-constituted at a meeting of our Board held on August 2, 2023. The scope and functions of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations and its terms of reference as stipulated pursuant to a resolution dated May 14, 2024 passed by our Board are set forth below:

The terms of reference of the Audit Committee, shall, *inter alia*, include the following:

(a) oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(b) recommendation for appointment, remuneration and terms of appointment of auditors of the Company and if required, the replacement or removal of the statutory auditor;

(c) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(d) 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, 2013;

    (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) modified opinion(s) in the draft audit report.

(e) reviewing, with the management, the quarterly financial statements before submission to the board for approval;

(f) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the board to take up steps in this matter;

(g) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(h) approval or any subsequent modification of transactions of the Company with related parties;

(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) examination of the financial statement and the auditors' report thereon;

(m) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(n) To ensure that an Information System Audit of the internal systems and processes is conducted as per the periodicity prescribed under any applicable law;

(o) 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;

(p) discussion with internal auditors of any significant findings and follow up there on;

(q) 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;

(r) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(s) to look 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;

(t) to review the functioning of the whistle blower mechanism;

(u) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(v) carrying out any other function as is mentioned in the terms of reference of the audit committee;

(w) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;

(x) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;

(y) carrying out any other functions and roles as provided under the Companies Act, the SEBI Listing Regulations, SEBI ICDR Regulations, the SEBI (Prohibition of Insider Trading) Regulations, 2015 or other applicable laws, each as amended from time to time, or as specified under any Policy or Manual or Process approved by the Board of Directors and / or any committee of the directors of the Company each as amended and other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties; and

(z) to carry out such other functions as may be specifically referred to the Audit Committee by the Board and/or other committees of directors of the Company and/or by the shareholders of the Company by way of passing necessary resolution with requisite majority.

The Audit Committee shall mandatorily review the following information:

(a) management discussion and analysis of financial condition and results of operations;

(b) management letters / letters of internal control weaknesses issued by the statutory auditors;

(c) internal audit reports relating to internal control weaknesses; and

(d) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

(e) statement of deviations:

   (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 SEBI Listing Regulations, as amended.

   (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 SEBI Listing Regulations, as amended.

(f) Such information as may be prescribed under the Companies Act, and the rules thereunder, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the SEBI (Prohibition of Insider Trading) Regulations, 2015 or any other applicable laws, each as amended from time to time or as specified under any policy or manual or process approved by the Board of Directors and / or any committee of the Directors of the Company."

The Audit Committee shall have powers, which should include the following:

(a) To investigate any activity within its terms of reference;

(b) To seek information that it properly requires from any employee of the Company or any associate or subsidiary, joint venture of the Company in order to perform its duties and all employees are directed by the Board to co-operate with any request made by the Committee from such employees;

(c) To obtain outside legal or other professional advice;

(d) To secure attendance of outsiders with relevant expertise, if it considers necessary and to seek their advice, whenever required as may be prescribed under the Companies Act, 2013 (together with the rules thereunder) and SEBI Listing Regulations; and

(e) Such powers as may be prescribed under the Companies Act, the SEBI Listing Regulations or any other applicable laws.

Nomination, Remuneration and Compensation Committee

The members of the Nomination, Remuneration and Compensation Committee are:

Sr. No.	Name of Director	Committee Designation
1.	Vijayalakshmi R. Iyer, Independent Director	Chairperson
2.	Neeraj Swaroop, Chairman and Independent Director	Member
3.	Narendra Ostawal, Non–Executive Director*	Member

* *Nominee of Olive Vine.*

The Nomination Remuneration and Compensation Committee was constituted at a meeting of our Board held on April 22, 2014 and was last re-constituted at a meeting of our Board held on August 5, 2019. The scope and functions of the Nomination Remuneration and Compensation Committee are in accordance with Section 178 of the Companies Act and Regulation 19 of the SEBI Listing Regulations and its terms of reference as stipulated pursuant to a resolution dated May 14, 2024 passed by our Board are set forth below:

(a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees.

(b) formulation of criteria for evaluation of performance of independent directors and the Board;

(c) for every appointment of an independent director, the Nomination Remuneration and Compensation Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

i. use the services of an external agencies, if required;

ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and

iii. consider the time commitments of the candidates.

(d) devising a policy on Board diversity;

(e) identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and specifying the manner for effective evaluation of performance of Board, its committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;

(f) 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) recommend to the Board, all remuneration, in whatever form, payable to senior management;

(h) carrying out any other functions and roles as provided under the Companies Act, the SEBI Listing Regulations, SEBI ICDR Regulations, the SEBI (Prohibition of Insider Trading) Regulations, 2015 or other applicable laws, each as amended from time to time, or as specified under any Policy or Manual or Process approved by the Board of Directors and / or any committee of the directors of the Company each as amended and other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties; and: and

(i) to carry out such other functions as may be referred to or delegated to the Nomination Remuneration and Compensation Committee by the Board and/or other committees of directors of the Company and/ or by the shareholders of the Company by way of passing necessary resolution with requisite majority,"

The Nomination, Remuneration and Compensation Committee shall have powers, which would include the following:

(a) to investigate any activity within its terms of reference;
(b) to seek information that it properly requires from any employee of the Company or any associate or subsidiary, joint venture of the Company in order to perform its duties and all employees are directed by the Board to co-operate with any request made by the Committee from such employees;
(c) to obtain outside legal or other professional advice;
(d) to secure attendance of outsiders with relevant expertise, if it considers necessary and to seek their advice, whenever required as may be prescribed under the Companies Act (together with the rules thereunder) and the SEBI Listing Regulations; and
(e) such powers as may be required under the Companies Act, the SEBI Listing Regulations or any other applicable laws.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

Sr. No.	Name of Director	Committee Designation
1.	Neeraj Swaroop, Chairman and Independent Director	Chairperson
2.	Savita Mahajan, Independent Director	Member
3.	Narendra Ostawal, Non–Executive Director*	Member

* *Nominee of Olive Vine.*

The Stakeholders' Relationship Committee was constituted at a meeting of our Board held on February 1, 2022. The scope and functions of the Stakeholder Relationship Committee are in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations and its terms of reference as stipulated pursuant to a resolution dated May 14, 2024 passed by our Board are set forth below:

(a) resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, non-receipt of interest and/or redemption amount, non-receipt or delay in receipt of any securities etc.;

(b) review of measures taken for effective exercise of voting rights by security holder;

(c) review of adherence to the service standards adopted by the Company in respect of various services being rendered by the registrar and share transfer agent;

(d) review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company;

(e) carrying out any other functions and roles as may be provided under the Companies Act 2013, the SEBI Listing Regulations or any other applicable law, each as amended from time to time; or as specified under any policy or manual or process approved by the Board of Directors and/ or any committee of the directors of the Company, and performing such other functions as may be necessary or appropriate for the performance of its duties; and

(f) to carry out such other functions as may be referred to or delegated to the Committee by the Board and/ or other committees of directors of the Company and / or by the shareholders of the Company by way of passing necessary resolution with requisite majority."

Risk Management Committee

The members of the Risk Management Committee are:

Sr. No.	Name of Member	Committee Designation
1.	Neeraj Swaroop, Chairman and Independent Director	Chairperson
2.	Vijayalakshmi R. Iyer, Independent Director	Member
3.	Ravi Venkatraman, Independent Director	Member
4.	Narendra Ostawal, Non–Executive Director*	Member
5.	Amit Gainda, Managing Director and Chief Executive Officer	Member
6.	Vikrant Virendra Gandhi, Chief Financial Officer	Member
7.	Samir Kumar Mohanty, Chief technology and digital transformation officer	Member
8.	Yogesh Rawat, Chief operating officer	Member
9.	Sorabh Malhotra, Chief risk officer	Member

* *Nominee of Olive Vine.*

The Risk Management Committee was constituted at a meeting of our Board held on October 20, 2014 and the constitution was taken on record at a meeting of our Board held on February 21, 2024 and June 13, 2024. The scope and functions of the Risk Management Committee are in accordance with Regulation 21 of the SEBI Listing Regulations and its terms of reference as stipulated pursuant to a resolution dated May 14, 2024 passed by our Board are set forth below:

(a) to formulate a detailed risk management policy which shall include:

    i. a framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee;

    ii. measures for risk mitigation including systems and processes for internal control of identified risks; and

    iii. business continuity plan.

(b) to formulate and review the processes for management of NPAs, provisioning requirements and delinquencies;

(c) to frame, implement, review and monitor the risk management plan including cyber security for the Company;

(d) to ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(e) to monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(f) to periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(g) to keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;

(h) the appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;

(i) to undertake regular review of outsourcing strategies and arrangements for their continued relevance, and safety and soundness;

(j) to decide on business activities of a material nature to be outsourced, and approving such arrangements;

(k) to coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors;

(l) any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable law, as and when amended from time to time, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(m) To carry out any other functions and roles as may be provided under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable laws, each as amended from time to time; or as specified under any Policy or Manual or Process approved by the Board of Directors and / or any committee of the directors of the Company; and performing such other functions as may be necessary or appropriate for the performance of its duties; and

(n) To carry out such other functions as may be referred to or delegated to the Committee by the Board and / or other committees of directors of the Company and / or by the shareholders of the Company by way of passing necessary resolution with requisite majority".

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

Sr. No.	Name of Director	Committee Designation
1.	Savita Mahajan, Independent Director	Chairperson
2.	Ravi Venkatraman, Independent Director	Member
3.	Narendra Ostawal, Non–Executive Director*	Member

**Nominee of Olive Vine.*

The Corporate Social Responsibility Committee was constituted at a meeting of our Board held on July 14, 2017 and was re-constituted at a meeting of our Board held on July 5, 2021. The scope and functions of the corporate social responsibility committee are in accordance with section 135 of the Companies Act, 2013 and its terms of reference as stipulated pursuant to a resolution dated May 14, 2024 passed by our Board are set forth below:

(a) to formulate and recommend to the Board, a CSR policy, including any modifications or amendment thereto which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013.

(b) to review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company.

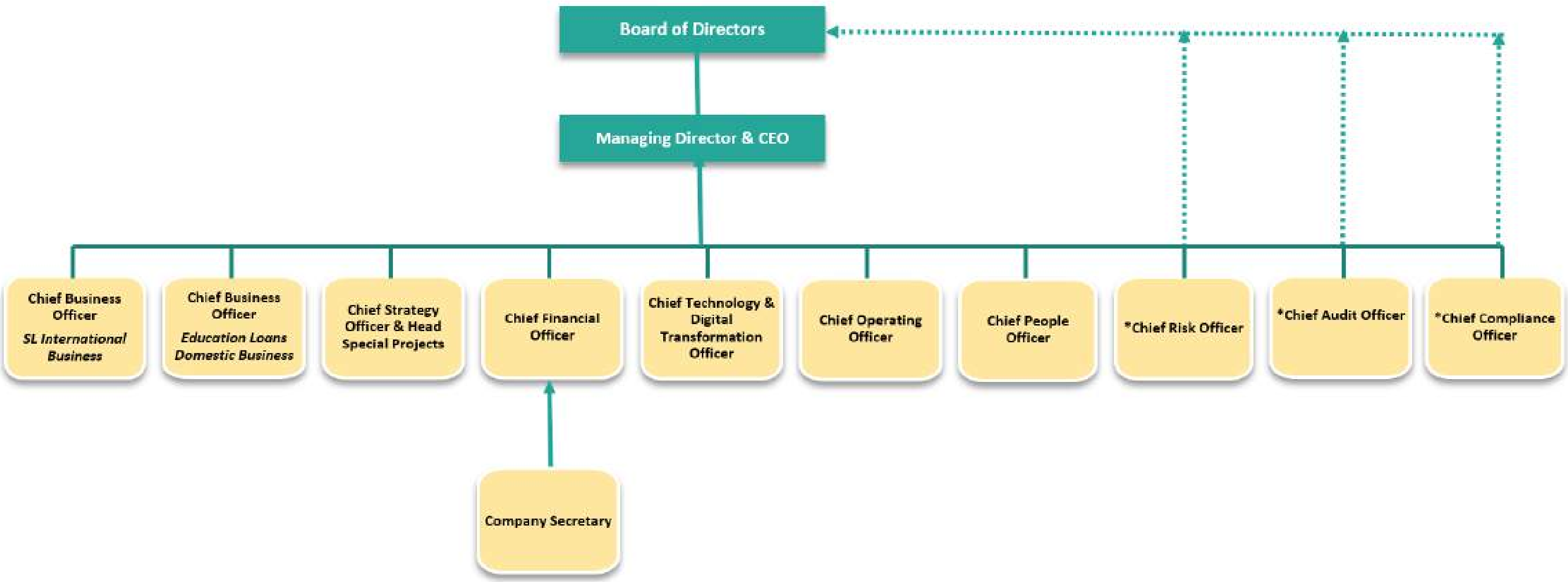
(c) to monitor the CSR policy of the Company.

(d) to review the CSR Projects / initiatives from time to time

(e) to carry out other functions and roles as may be provided under the Companies Act, 2013 or any other applicable laws, each as amended from time to time, or as specified under any Policy or Manual or Process approved by the Board of Directors and/or any other committee and performing such other functions as may be necessary or appropriate for the performance of its duties; and

(f) to carry out such other functions as may be referred to or delegated to the Committee by the Board and / or other committees of directors of the Company and / or by the shareholders of the Company by way of passing necessary resolution with requisite majority.

Management Organisation Structure



PS : In addition to the above direct reports, there are six (6) direct reports to Managing Director & CEO who have not been classified as SMP
*Chief Risk Officer, Chief Audit Officer & Chief Compliance Officer reports to Board/Committee in matrix (dual) structure

Key Managerial Personnel

In addition to Amit Gainda, our Managing Director and Chief Executive Officer, whose details are set out under " – *Brief Biographies of Directors*" on page 214, the details of the Key Management Personnel, as on the date of this Draft Red Herring Prospectus, are set out below.

Vikrant Virendra Gandhi is the Chief Financial Officer of our Company. He has been associated with our Company since February 19, 2024. His current term is for a period of five years. In his current role, he manages financial accounting and reporting, treasury, financial planning and business analytics, governance framework, secretarial and taxation of our Company. He holds a bachelor's degree of commerce from R. A. Podar College of Commerce and Economics, University of Bombay, a post graduate diploma in treasury & forex management from the Association of Certified Treasury Managers and completed general management programme (executive education) from Indian School of Business, Hyderabad. He has cleared the final examination held by the Institute of Chartered Accountants of India and has also cleared the final examination held by the Institute of Cost and Works Accountants of India. He has experience across banking and financial services sector. Prior to joining our Company, he worked with ICICI Home Finance Company Limited, and ICICI Bank Limited. The remuneration paid to him in Fiscal 2024 was ₹**7**.64 million.

Rajesh Pravinkumar Gandhi is the Company Secretary and Compliance Officer of our Company. He has been associated with our Company since November 1, 2022 and has been appointed as a Company Secretary with effect from November 11, 2022. In his current role, he manages the secretarial functions of our Company. He holds a bachelor's degree in commerce from Saurashtra University, Rajkot and is an associate member of the Institute of Company Secretaries of India. He has experience in managing regulatory compliance and secretarial requirements in the banking, financial services and insurance sector. Prior to joining our Company, he worked with Reliance Asset Reconstruction Company Limited, Aditya Birla ARC Limited, India Infoline Limited, SPA Global Private Limited and Edelweiss Commodities Limited. The remuneration paid to him in Fiscal 2024 was ₹3.31 million.

Senior Management Personnel

In addition to Vikrant Virendra Gandhi, the Chief Financial Officer of our Company, and Rajesh Pravinkumar Gandhi, the Company Secretary and Compliance Officer of our Company, who are also our Key Managerial Personnel and whose details are provided above in "*–Key Managerial Personnel*", the details of our Senior Management Personnel as on the date of this Draft Red Herring Prospectus are as set forth below:

Vivek Kumar Baranwal is the chief business officer – education loans – domestic business of our Company. He has been associated with our Company since May 16, 2017 and was redesignated as the chief business officer – education loans – domestic business with effect from June 7, 2024 and his current term is from April 1, 2020 till March 31, 2025 which is renewed from time to time. In his current role, he oversees the business strategy, credit risk, and collections of the educational institution loans and education loans domestic vertical. He has cleared the final examination for a bachelor's degree in commerce from University of Calcutta and completed advanced management programme from the Indian Institute of Management, Calcutta. He has cleared the final examination held by the Institute of Chartered Accountants of India. He has experience in the banking, financial services and insurance sector. Prior to joining our Company, he worked with Reliance Capital Limited and Reliance Commercial Finance Limited. The remuneration paid to him in Fiscal 2024 was ₹24.13 million.

Rajesh Narayan Kachave is the chief business officer – student lending international business of our Company. He has been associated with our Company since August 2, 2017 and was redesignated as the chief business officer – student lending international business with effect from June 7, 2024 and his current term is from April 1, 2020 till March 31, 2025 which is renewed from time to time. In his current role, he oversees the student financing business vertical of our Company. He holds a bachelor's degree in arts from Dr. Babasaheb Ambedkar Marathwada University, Aurangabad. He has experience in the banking, financial services and insurance sector. Prior to joining us, he worked with HDFC Bank Limited. The remuneration paid to him in Fiscal 2024 was ₹20.65 million.

Samir Kumar Mohanty is the chief technology and digital transformation officer of our Company. He has been associated with the Company since September 12, 2017 and has been redesignated as the chief technology and digital transformation officer with effect from November 10, 2023 and his current term is from April 11, 2020 till April 10, 2025, which is renewed from time to time. In his current role, he is responsible for implementing tech-led initiatives, digitizing processes, and adopting emerging technology to enhance business efficiency and governance. He holds a post graduate diploma in business administration from ICFAI Business School, Hyderabad and has also completed the leadership in Fullbright-Nehru-CII fellowship for management program from the Tepper School of Business, Carnegie Mellon University, Pennsylvania. He has experience in the banking, financial services and insurance. Prior to joining our Company, he worked with Tata Capital Financial Services Limited. The remuneration paid to him in Fiscal 2024 was ₹28.98 million.

Amit Yadav is the chief strategy officer and head special projects of our Company. He has been associated with our Company since December 1, 2017 and was redesignated as the chief strategy officer and head special projects since June 7, 2024 and his current term is from April 1, 2020 till March 31 2025, which is renewed from time to time. In his current role, he is responsible for evaluating business opportunities and strategic business planning aligned with the organization's growth. He holds a bachelor's degree in engineering (chemical engineering) from University of Roorkee and a master's degree in business administration from the Robinson College of Business, Georgia State University, USA. He has experience in the mergers and acquisitions, banking and financial services sector. Prior to joining our Company, he worked with Religare Support Services

Limited. The remuneration paid to him in Fiscal 2024 was ₹17.37 million.

Ganesh Raghuraman Iyer is the chief audit officer of our Company. He has been associated with our Company since August 31, 2018 and was redesignated as the chief audit officer with effect from May 5, 2022. In his current role, he manages the management assurance and audit function of our Company. He holds a bachelor's degree in commerce from University of Mumbai and has cleared the final examination held by The Institute of Chartered Accountants of India. He has experience in the banking, financial services and insurance sector. Prior to joining our Company, he worked with Tata Capital Financial Services Limited and DBOI Global Services Private Limited. The remuneration paid to him in Fiscal 2024 was ₹8.98 million.

Sorabh Malhotra is the chief risk officer of our Company. He has been associated with our Company since August 3, 2022 and was redesignated as the chief risk officer with effect from September 23, 2022 and his current term is from August 3, 2022 till August 2, 2027, which is to be renewed from time to time. In his current role, he heads the risk function of our Company. He holds a bachelor's degree in commerce from the University of Delhi and a post graduate diploma in management from Lal Bahadur Shastri Institute of Management, Delhi. He has experience in the banking, financial services and insurance sector. Prior to joining our Company, he worked with NeoGrowth Credit Private Limited, Bajaj Finance Limited, Cholamandalam DBS Finance Limited and Capital First Limited. The remuneration paid to him in Fiscal 2024 was ₹15.58 million.

Yogesh Rawat is the chief operating officer of our Company. He has been associated with our Company since October 18, 2022 and his current term is till October 17, 2027, which is to be renewed from time to time. In his current role, he manages the operational effectiveness of the processes of the value chain. He holds a master's degree in business administration from Indian Institute of Technology, Bombay and Washington University, St. Louis. He is an associate member of the Institute of Chartered Accountants of India and has cleared the final examination held by the Institute of Cost and Works Accountants of India. He has experience in the banking, financial services and insurance sector. Prior to joining our Company, he worked with ICICI Home Finance Company Limited and GE Money Financial Services Private Limited. The remuneration paid to him in Fiscal 2024 was ₹14.49 million.

Rajiv Kumar is the chief compliance officer of our Company. He has been associated with our Company since November 15, 2022 and was redesignated as chief compliance officer with effect from November 18, 2022 and his current term is till November 17, 2027, which is to be renewed from time to time. In his current role, he manages the compliance function of our Company. He has cleared the final examination for the master's degree in commerce from the Annamalai University, Annamalainagar and is an associate member of the Institute of Company Secretaries of India. He has experience in the banking, financial services and insurance sector. Prior to joining our Company, he worked with Fullerton India Credit Company Limited, India Infoline Finance Limited and Bajaj Finance Limited. The remuneration paid to him in Fiscal 2024 was ₹8.79 million.

Achal Goel is the chief people officer of our Company. He has been associated with our Company since November 3, 2023 and has been appointed as the chief people officer with effect from November 7, 2023 and his current term is till November 6, 2028, which is to be renewed from time to time. In his current role, he leads the human resource team in developing and implementing best practices, policies and procedures to support employees of our Company. He holds bachelor's degree in engineering (computer engineering) from the YMCA Institute of Engineering, Maharshi Dayanand University, Rohtak and a master's degree in business administration from the University of Delhi. He has experience in the banking and financial services sector. Prior to joining our Company, he worked with Kotak Mahindra Bank Limited and Citibank N.A. The remuneration paid to him in Fiscal 2024 was ₹6.32 million.

Status of Key Managerial Personnel and Senior Management Personnel

All our Key Managerial Personnel and Senior Management Personnel are permanent employees of our Company.

Interests of Key Managerial Personnel and Senior Management Personnel

Our Key Managerial Personnel and Senior Management Personnel do not have any interests in our Company, other than to the extent of (i) the remuneration or benefits to which they are entitled in accordance with the terms of their appointment or reimbursement of expenses incurred by them during the ordinary course of business by our Company; (ii) the Equity Shares of face value of ₹5 each and employee stock options held by them, if any, and any dividend payable to them and other benefits arising out of such shareholding and (iii) as provided in "*– Interest of Directors*" on page 217. For details, see "*- Shareholding of Key Managerial Personnel and Senior Management Personnel in our Company*" on page 226.

Bonus or profit-sharing plans for our Key Managerial Personnel and Senior Management Personnel

None of our Key Managerial Personnel or Senior Management Personnel is entitled to any bonus (excluding performance linked incentive which is part of their remuneration) or profit-sharing plans of our Company.

Shareholding of Key Managerial Personnel and Senior Management Personnel in our Company

Except as disclosed below, none of our Key Managerial Personnel and Senior Management Personnel hold any Equity Shares of face value of ₹5 each or ESOPs in our Company:

Sr. No.	Name of the Key Managerial Personnel and Senior Management Personnel	Number of Equity Shares of face value of ₹5 each held
1.	Amit Gainda	2*
2.	Vivek Kumar Baranwal	2*
3.	Rajesh Narayan Kachave	2*
4.	Samir Kumar Mohanty	2*
5.	Amit Yadav	2*

**Hold 2 Equity Shares of face value of ₹5 each as nominee of Olive Vine.*

For further details of ESOPs held by our Key Managerial Personnel and Senior Management Personnel, see "*Capital Structure – Employee Stock Options Schemes of our Company*" on page 91.

Changes in our Key Managerial Personnel and Senior Management Personnel in the three immediately preceding years.

Except as stated below there have been no changes in our Key Managerial Personnel and Senior Management Personnel in the three years preceding the date of this Draft Red Herring Prospectus:

Sr. No.	Name	Date of Change	Reason for change in Key Managerial Personnel and Senior Management Personnel
1.	Vikrant Virendra Gandhi	February 21, 2024	Appointment as Chief Financial Officer
2.	Vineet Mahajan	February 20, 2024	Resigned as chief financial officer
3.	Achal Goel	November 7, 2023	Appointment as chief people officer
4.	Swayam Sen	September 15, 2023	Resigned as chief people officer
5.	Rajiv Kumar	November 18, 2022	Appointment as chief compliance officer
6.	Rajesh Pravinkumar Gandhi	November 11, 2022	Appointment as Company Secretary
7.	Yogesh Rawat	October 18, 2022	Appointment as chief operating officer
8.	Sorabh Malhotra	September 23, 2022	Appointment as chief risk officer
9.	Samir Kumar Mohanty	August 10, 2022	Appointment as chief transformation officer
10.	Vikas Tarekar	August 2, 2022	Resigned as company secretary
11.	Ganesh Raghuraman Iyer	May 5, 2022	Appointed as head of internal audit
12.	Amit Gainda	March 2, 2022	Appointed as the Managing Director.
13.	Vineet Mahajan	September 22, 2021	Appointment as chief financial officer
14.	Vikas Tarekar	September 2, 2021	Appointment as company secretary
15.	Rakesh Dhanuka	August 6, 2021	Resigned as company secretary

Note: This does not include changes pursuant to re-designation of Key Managerial Personnel and Senior Management Personnel.

Arrangements and understanding with major shareholders, customers, suppliers or others

None of our Key Managerial Personnel and Senior Management Personnel have been appointed or selected as a Key Managerial Personnel or Senior Management Personnel pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others**.**

Contingent and deferred compensation payable to our Key Managerial Personnel and Senior Management Personnel

There is no contingent or deferred compensation payable to any of our Key Managerial Personnel and Senior Management Personnel which accrued in Financial Year 2024.

Payment or benefits to officers of our Company

Except statutory entitlements for benefits upon termination of their employment in our Company or retirement, no officer of our Company, including our Directors, Key Managerial Personnel and Senior Management Personnel, is entitled to any benefits upon termination of employment under any service contract entered into with our Company. Except as stated otherwise in this Draft Red Herring Prospectus and any statutory payments made by our Company, no amount or benefit has been paid or given, to any of our Company's officers except remuneration for services rendered as Directors, officer of employees of our Company.

Employee stock option plan and employee stock purchase plan

For details of our ESOP Schemes, see "*Capital Structure – Employee Stock Option Schemes of our Company*" on page 91.

OUR PROMOTER AND PROMOTER GROUP

Olive Vine Investment Ltd ("**Olive Vine**") is the Promoter of our Company. As of the date of this Draft Red Herring Prospectus, our Promoter holds 149,394,074 Equity Shares of face value of ₹5 each, comprising 58.38% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company on a fully diluted basis. For further details, see "*Capital Structure - Build-up of the Equity shareholding of our Promoter in our Company*" on page 81.

The details of our Promoter are provided below:

Corporate Information

Olive Vine, our Promoter, was incorporated as a private company limited by shares, under the laws of the Republic of Mauritius on April 27, 2018. The registered office of Olive Vine is located at c/o Warburg Pincus Asia Ltd, 8th Floor, Newton Tower, Sir William Newton Street, Port Louis, Mauritius.

The principal activity of Olive Vine is that of investment holding and it is permitted to carry out investment activities under the provisions of the Republic of Mauritius' Financial Services Act 2007.

Olive Vine acquired the equity shares of our Company pursuant to the share purchase agreement dated March 16, 2019. For further details, see "*History and Certain Other Corporate Matters – Shareholders' agreement and other Agreements*" on page 210.

Olive Vine has not changed its activities from the date of its incorporation.

Olive Vine does not have adequate experience in the line of business of our Company. For further details, see "*Risk Factors – Our Promoter does not have adequate experience in our line of business and has not actively participated in the business activities we undertake, which may have an adverse impact on the management and operations of our Company*" on page 49.

Board of directors

The board of directors of Olive Vine as on date of this Draft Red Herring Prospectus comprises of the following:

Sr. No.	Board of directors	Designation
1.	Steven G. Glenn	Director
2.	Tara O'Neill	Director
3.	Sharmila Baichoo	Director
4.	Uday Kumar Gujadhur	Director
5.	Rehma Devi Narveena Imrith	Director

Shareholding pattern

The shareholding pattern of Olive Vine as on date of this Draft Red Herring Prospectus is as follows:

Sr. No.	Name of shareholder	No. of shares held	Percentage of shareholding (%)
1.	Warburg Pincus Financial Sector (Cayman), L.P.	83,035,340.79	44.59
2.	Warburg Pincus (Callisto) Global Growth (Cayman), L.P.	26,156,612.46	14.05
3.	Warburg Pincus (Europa) Global Growth (Cayman), L.P.	25,292,523.86	13.58
4.	Warburg Pincus Global Growth-B (Cayman), L.P.	18,527,767.43	9.95
5.	Warburg Pincus Global Growth-E (Cayman), L.P.	15,055,677.41	8.08
6.	Warburg Pincus Financial Sector Partners (Cayman International), L.P.	7,657,695.21	4.11
7.	Warburg Pincus Global Growth Partners (Cayman International), L.P.	5,902,544.35	3.17
8.	Warburg Pincus Financial Sector-D (Cayman), L.P.	2,420,964.00	1.30
9.	WP Global Growth Partners (Cayman International), L.P.	2,178,874.50	1.17

Promoter of our Promoter

Olive Vine does not have a promoter. It is directly owned by certain private equity funds which are managed by Warburg Pincus LLC, a New York based limited liability company and form part of the Warburg Pincus Group (as set out in the shareholding pattern above). Warburg Pincus LLC is registered with the U.S. Securities and Exchange Commission ("**SEC**") as an investment adviser under The Investment Advisers Act of 1940. The investment activities of Warburg Pincus LLC are subject to certain rules and regulations of the SEC and other regulatory authorities.

Presently, no natural person is in control (i.e., holding fifteen percent or more voting rights) of Olive Vine.

Changes in control of our Promoter

There has been no change in control of Olive Vine in the last three years preceding the date of this Draft Red Herring Prospectus.

Our Company confirms that the permanent account number, bank account number, company registration number and the address of the registrar of companies where Olive Vine is registered, shall be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

Change in our Promoter

Olive Vine is not the original Promoter of our Company. On July 30, 2019, Dewan Housing Finance Corporation Limited, Wadhawan Global Capital Limited, Wadhawan Holdings Private Limited, Infill Retail Ventures Private Limited, Kapil Wadhawan, Dheeraj Wadhawan, Wadhawan Consolidated Holdings Private Limited (collectively the "**Erstwhile Promoters**"), P.K. Kumar, Vijay Tambe, Mohit Chaturvedi and Prahalad Kulkarni (along with "**Erstwhile Promoters**" the "**Erstwhile Promoter Group**") who were holding 50,284,014 equity shares of face value of ₹10 each of our Company amounting to 80.00% of the then equity share capital of our Company, transferred their entire shareholding in our Company to our Promoter pursuant to the share purchase agreement dated March 16, 2019. IFC held the balance 12,571,005 equity shares aggregating to 20.00% of the then equity share capital of our Company, which they continued to hold as on July 30, 2019. For details in relation to our Promoter, see *"History and Certain Corporate Matters – Our Holding Company*" and "*Capital Structure – History of the share capital held by our Promoter- Build-up of the Equity shareholding of our Promoter in our Company*" on pages 208 and 81, respectively.

Interests of our Promoter

Our Promoter is interested in our Company to the extent it has invested in our Company, promoted our Company and to the extent of its shareholding in our Company, dividend payable, if any, other distributions in respect of the Equity Shares of face value of ₹5 each held by it, and its right to nominate directors on the board of our Company. For details of the shareholding of our Promoter in our Company, see *"Capital Structure – Build-up of the Equity shareholding of our Promoter in our Company"* on page 81. Our Promoter has no interest in any property acquired in the three years preceding the date of this Draft Red Herring Prospectus or is proposed to be acquired by our Company or in any transaction by our Company for acquisition of land, construction of building or supply of machinery, etc.

No sum has been paid or agreed to be paid to our Promoter or to the firms or companies in which our Promoter is interested as a member in cash or shares or otherwise by any person, either to induce them to become or to qualify them, as directors or promoter or otherwise for services rendered by such Promoter or by such firms or companies in connection with the promotion or formation of our Company.

Our Promoter is directly owned by certain private equity funds which are managed by Warburg Pincus LLC, a New York limited liability company and form part of the Warburg Pincus Group and except for the business relationships that may exist between the portfolio companies of Warburg Pincus Group and third party service providers of our Company in its ordinary course of business, there are no conflict of interests between the suppliers of raw materials and third party service providers of our Company (crucial for operations of our Company) and our Promoter.

Our Promoter is directly owned by certain private equity funds which are managed by Warburg Pincus LLC, a New York limited liability company and form part of the Warburg Pincus Group and except for the business relationships that may exist between the portfolio companies of Warburg Pincus Group and lessors of the immovable properties of our Company in its ordinary course of business, there are no conflict of interests between the lessors of the immovable properties of our Company (crucial for operation of our Company) and our Promoter.

Payment or benefits to our Promoter or our Promoter Group

Our Promoter has not received any amount and no benefit has been paid or given to our Promoter during the two years preceding the filing of this Draft Red Herring Prospectus nor is there any intention to pay or give any amount or benefit to our Promoter. Further, as on date of this Draft Red Herring Prospectus our Promoter does not have any natural persons or body corporates who are part of our Promoter Group.

Material guarantees given by our Promoter to third parties with respect to Equity Shares

Our Promoter has not given any material guarantees to any third party with respect to the Equity Shares of face value of ₹5 each, as on date of this Draft Red Herring Prospectus.

Companies or firms with which our Promoter have disassociated in the last three years

Our Promoter has not disassociated itself from any company or firm in the three years immediately preceding the date of this Draft Red Herring Prospectus.

Our Promoter Group

As on date of this Draft Red Herring Prospectus, our Promoter does not have any natural persons or body corporates who are part of our Promoter Group.

OUR GROUP COMPANIES

Pursuant to resolutions dated April 30, 2024 and June 13, 2024, our Board approved the Materiality Policy and noted that in accordance with the SEBI ICDR Regulations and for the purpose of disclosure in this Draft Red Herring Prospectus, group companies shall include (i) the companies (other than our Promoter and our Subsidiary) with which there were related party transactions disclosed as per Ind AS 24 during any of the last three Financial Years in respect of which the Restated Summary Statements are included in this Draft Red Herring Prospectus ("**Relevant Period**") and (ii) such other company as deemed material by our Board.

Accordingly, based on the parameters outlined above, as on the date of this Draft Red Herring Prospectus, our Company does not have any group company.

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares of face value of ₹5 each, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and the Companies Act.

The dividend distribution policy of our Company is in compliance with the RBI Circular No. RBI/2021-22/59 DOR.ACC.REC.No.23/21.02.067/2021-22 dated June 24, 2021 and was approved and adopted by our Board on April 30, 2024 ("**Dividend Policy**"). In terms of the Dividend Policy, the dividend, if any, will depend on a number of internal factors, including but not limited to, our Company's liquidity position including its present and expected obligations, profits, present and future capital expenditure plans including organic / inorganic growth opportunities, financial commitments with respect to the outstanding borrowings and interest thereon, financial requirement for business expansion and/or diversification, acquisition etc. of new businesses, past dividend trend, cost of borrowings etc. In addition, the dividend, if any, will also depend on a number of external factors, including, but not limited to the state of economy and capital markets, applicable taxes including dividend distribution tax and regulatory changes having significant impact on the Company's operations or finances. Further, the Dividend Policy also describes circumstances in which the dividend may not be paid by the Company, including, but not limited to, inadequate profits during any financial year.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities, or any regulatory restrictions issued by the RBI. For further details, see "*Financial Indebtedness*" beginning on page 372.

Our Company may also, from time to time, pay interim dividends. There is no guarantee that any dividends will be declared or paid in the future. For details in relation to risks involved in this regard, see "*Risk Factors – Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements*" on page 53.

No dividend on Equity Shares has been declared or paid by our Company during the last three Financial Years, and from April 1, 2024 till the date of this Draft Red Herring Prospectus.

SELECTED STATISTICAL INFORMATION

The following information should be read with our financial statements, including the notes thereto, and the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Draft Red Herring Prospectus. All amounts presented in this section relate to the financial information, and all averages presented in this section are presented on the basis of simple average of the last day of the relevant year and of the last day of the previous year.

We have included certain non-GAAP financial measures and other performance indicators relating to our financial performance and business in this Draft Red Herring Prospectus, each of which are supplemental measures of our performance and liquidity and are not required by, or presented in accordance with Ind AS, Indian GAAP, IFRS or U.S. GAAP. Such measures and indicators are not defined under Ind AS, Indian GAAP, IFRS or U.S. GAAP, and therefore, should not be viewed as substitutes for performance, liquidity or profitability measures under Ind AS, Indian GAAP, IFRS or U.S. GAAP. In addition, such measures and indicators are not standardized terms, and a direct comparison of these measures and indicators between companies may not be possible. Other companies may calculate these measures and indicators differently from us, limiting their usefulness as a comparative measure. Although such measures and indicators are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance. For risks relating to non-GAAP measures, see "Risk Factors – We have included certain non-GAAP financial measures and other selected statistical information related to our operations in this Draft Red Herring Prospectus. Such non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry and may not be comparable with financial or statistical information of similar nomenclature computed and presented by other companies" on page 50.

I. Key Financial Metrics

The following table sets forth certain of our key financial metrics as of and for the years indicated:

Particulars	As of and for the Fiscals		
	2024	2023	2022
	(₹ in million, except percentages and per share data)		
AUM(1)	133,030.47	86,460.68	48,356.09
Average AUM(2)	110,927.94	68,839.10	38,253.37
AUM Growth (%)(3)	53.86	78.80	55.82
Term Loans (Gross)(4)	125,208.55	84,636.37	47,900.19
Term Loans (Gross) Growth (%)(5)	47.94	76.69	60.19
Total Assets	143,438.35	97,299.51	54,530.15
Average Total Assets(6)	121,149.66	77,161.70	42,830.24
Disbursements(7)	63,350.03	61,416.31	29,284.88
Disbursement Growth (%)(8)	3.15	109.72	196.28
Net Worth	36,767.17	21,497.22	10,096.64
Average Net Worth	26,724.94	12,809.22	9,724.52
Interest Income	14,437.28	8,930.82	4,764.50
Non-interest Income(9)	2,850.78	971.47	320.91
Total Income	17,288.06	9,902.29	5,085.41
Finance Costs(10)	8,756.38	5,398.43	2,738.87
Total expenses(11)	12,695.14	7,789.14	4,230.81
Net Profit for the Year	3,424.03	1,577.11	632.07
Net Interest Margin (%)(12)	4.85	4.68	4.96
Operating Expenses to Average AUM (%)(13)	2.83	2.80	3.40
Cost to Income Ratio (%)(14)	36.84	42.74	55.45
Credit Cost to Average Term Loans (Gross) (%)(15)	0.75	0.69	0.51
Return on Average Total Assets (%)	2.83	2.04	1.48
Return on Average Equity (%)	12.81	12.31	6.50
Gross carrying amount of Stage 3 loans	532.35	472.12	618.99
Net carrying amount of state 3 loans	161.28	144.84	251.88
Gross Stage 3 Loans (%)(16)	0.43	0.56	1.29
Net Stage 3 Loans (%)(17)	0.13	0.17	0.53
Provision Coverage Ratio (%)(18)	69.70	69.32	59.31
Basic Earnings Per Equity Share (19)	15.40	8.66	3.83
Diluted Earnings Per Equity Share (19)	15.05	8.50	3.78
Capital to Risk Weighted Assets Ratio (CRAR) (%) (20)	27.52	24.86	22.96

Notes:

(1) *AUM represents the aggregate of principal outstanding of loan originated by our Company (including assignees' share of loan portfolio transferred under direct assignment and/ or co-lending transactions) and loan portfolio purchased under direct assignment, as on last day of the relevant year.*

(2) *Average AUM represents the quarterly average of our AUM as of the last day of the relevant quarter and our AUM as of the last day of the previous year.*

(3) *AUM Growth represents percentage growth in AUM as of the relevant year over AUM of the previous year end.*

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

(5) *Term Loans (Gross) Growth represents percentage growth in Term Loans (Gross) as of the relevant year over Term Loans (Gross) of the previous year end.*
(6) *Average Total assets represents the quarterly average of our Total Assets as of the last day of the current year quarters and our Total Assets of the last day of the previous year.*
(7) *Disbursements represents the aggregate of all loan amounts extended to our customers in the relevant year.*
(8) *Disbursement Growth represents percentage growth in Disbursement for the relevant year over Disbursement of the previous year end.*
(9) *Non-interest income is the aggregate of Fee and commission income, Net gain on fair value changes, Net gain on derecognition of financial instrument on amortised cost basis and Other income for the year.*
(10) *Finance Cost represents the aggregate of finance costs, other borrowing cost, interest on lease liabilities and other interest expenses.*
(11) *Total expenses comprise finance costs, impairment on financial instruments, employee benefits expense, depreciation and amortization expenses and other expenses.*
(12) *Net Interest Margin represents the difference between interest income and finance cost for the year to the Average interest earning assets for the year.*
(13) *Operating Expenses to Average AUM (%) represents aggregate of employee benefits expense, depreciation and amortization expense, other expenses for the relevant year upon the average of AUM as of the last day of the relevant year and our total assets as of the last day of the previous year, represented as a percentage.*
(14) *Cost to Income Ratio represents the ratio of operating expenses, which is aggregate of employee benefits expense, depreciation and amortization expense, other expenses divided by the total income less finance cost for the relevant year, expressed as a percentage.*
(15) *Credit Cost to Average Term Loans (Gross) represents our Credit Cost for a year to the Average term loans (gross) for the year.*
(16) *Gross Stage 3 Loans (%) is computed by dividing the Gross carrying amount of Stage 3 loans with term loans (gross) outstanding as of the end of the relevant period or year.*
(17) *Net Stage 3 Loans (%) is computed by dividing the Net carrying amount of Stage 3 loans with term loans (gross) outstanding as of the end of the relevant period/year. Net carrying amount of Stage 3 loans represent Gross carrying amount of Stage 3 loans reduced by specific impairment loss allowance for Stage 3 loans as at the end of relevant period or year.*
(18) *Provision Coverage Ratio is computed by dividing the impairment loss allowance for Stage 3 loans with Gross carrying amount of Stage 3 loans as at the end of the relevant year.*
(19) *Basic Earnings per Equity Share = Basic earnings per equity share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year, computed in accordance with Ind AS 33 -"Earnings per share". Diluted Earnings per Equity Share = Diluted earnings per equity share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares outstanding during the year, computed in accordance with Ind AS 33-"Earnings per share.*
(20) *Capital to Risk Weighted Assets Ratio (CRAR) is computed (on a standalone basis) by dividing our Company's Tier I and Tier II capital by risk weighted assets, each as computed in accordance with relevant RBI guidelines.*

Return on Average Total Assets and Equity

The following table sets forth certain of our key financial metrics in relation to return on assets and equity, as of and for the years indicated:

Particulars	**As of and for the Fiscals**		
	2024	**2023**	**2022**
	(₹ in million, except percentages and per share data)		
Net Worth (1)	36,767.17	21,497.22	10,096.64
Average Net Worth (2)	26,724.94	12,809.22	9,724.52
Leverage (3)	2.76	3.35	4.06
Total Assets	143,438.35	97,299.51	54,530.15
Average Total Assets(4)	121,149.66	77,161.70	42,830.24
Net Profit for the Year	3,424.03	1,577.11	632.07
Return on Average Net Worth(5) (%)	12.81	12.31	6.50
Return on Average Total Assets (6) (%)	2.83	2.04	1.48
Return on Average Equity (7) (%)	12.81	12.31	6.50
Basic Earnings Per Equity Share (8)	15.40	8.66	3.83
Diluted Earnings Per Equity Share (8)	15.05	8.50	3.78
Net Asset Value Per Equity Share (9)	146.00	100.80	61.12

Notes:
(1) *Net Worth is equivalent to the sum of Equity Share Capital and Other Equity.*
(2) *Average Net Worth represents quarterly average of our Net Worth as of the last day of the current year quarters and our Net Worth of the last day of the previous year.*
(3) *Leverage is computed by dividing company's Total Borrowings by Total Net worth.*
(4) *Average Total Assets represents quarterly average of our Total Assets as of the last day of the current year quarters and our Total Assets of the last day of the previous year.*
(5) *Return on Average Net Worth represents Net Profit for a year to the Average Net Worth for the year.*
(6) *Return on Average Total Assets represents Net Profit for the year divided by Average of Total Assets.*
(7) *Return on Average Equity is calculated as the Net Profit for the relevant year as a percentage of Average Net Worth in such year.*
(8) *Basic and Diluted Earnings Per Equity Share is computed in accordance with Indian Accounting Standard – 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).*
(9) *Net Asset Value per Equity Share is calculated as Net Worth divided by total number of Equity Shares. Net Asset Value per Equity Share for all years is computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended). Pursuant to a resolution passed by our Board on April 4, 2024, and a resolution passed by the Shareholders on April 26, 2024, the Company has sub-divided 125,911,616 equity shares of face value of ₹10 each to 251,823,232 Equity Shares of face value of ₹5 each.*

Financial Ratios

The following table sets forth certain of our ratios, specifically, key financial metrics over average AUM, as of and for the years indicated (Average AUM represents the quarterly average of our AUM as of the last day of the current year quarters and our AUM of the last day of the previous year):

Particulars	As of/ For the Year Ended March 31,		
	2024	2023	2022
	(Percentages)		
Interest Income / Average AUM[(1)] (%)	13.02	12.97	12.46
Finance Costs/ Average AUM (%)	7.89	7.84	7.16
Net Interest Income/ Average AUM (%)	5.12	5.13	5.30
Other Operating Income / Average AUM[(2)] (%)	2.55	1.40	0.83
Other Income / Average Total AUM	0.02	0.01	0.01
Net Total Income/ Average AUM[(3)] (%)	7.69	6.54	6.13
Operating Expenses / Average AUM (%)	2.83	2.80	3.40
Pre Provisioning Operating Profit / Average AUM[(4)] (%)	4.86	3.75	2.73
Credit Cost/ Average AUM	0.72	0.68	0.50
Profit Before Tax/ Average AUM[(5)] (%)	4.14	3.07	2.23
Return on Average AUM[(6)] (%)	3.09	2.29	1.65

Notes:

(1) *Interest Income to Average AUM represents sum of Interest Income on financial assets measured at amortized cost, to the Average AUM for the year.*

(2) *Other Operating Income to Average AUM represents sum of Fee and Commission Income, Net Gain on Fair Value Changes and Net Gain on Derecognition of Financial Instrument on Amortized Cost Basis for the year to the Average AUM for the year.*

(3) *Net Total Income to Average AUM represents the difference between Total Income and Finance Costs for the year to the Average AUM for the year.*

(4) *Pre Provisioning Operating Profit to Average AUM represents the difference between Net Total Income and Operating Expenses for the year to the Average AUM for the year.*

(5) *Profit Before Tax to Average AUM represents our Profit Before Tax for a year to the Average AUM for the year.*

(6) *Return on Average AUM represents our Net Profit for a year to the Average AUM for the year.*

Yields, Spreads and Margins

The following table sets forth, for the years indicated, the yields, spreads and interest margins on our interest-earning assets:

Particulars	Fiscal		
	2024	2023	2022
	(₹ in million, except percentage)		
Interest Income	14,437.28	8,930.82	4,764.50
Finance Costs	8,756.38	5,398.43	2,738.87
Total Interest-earning Assets[(1)]	139,479.92	95,340.52	53,599.87
Average Interest-earning Assets[(2)]	117,012.34	75,446.19	40,838.90
Average Interest-earning Assets / Average Total Assets (%)	96.58	97.78	95.35
Total Borrowings[(3)]	101,352.45	72,101.25	41,002.79
Average Total Borrowings [(4)]	90,101.22	60,634.19	31,259.89
Average Total Borrowings / Average Total Assets (%)	74.37	78.58	72.99
Average Interest-earning assets / Average Total Borrowings	1.30	1.24	1.31
Yield on Interest-earning Assets[(5)] (%)	12.34	11.84	11.67
Yield on Average Term Loans (Gross) [(6)] (%)	13.01	12.60	12.32
Average Cost of Borrowing[(7)] (%)	9.72	8.90	8.76
Spread[(8)] (%)	3.29	3.69	3.56
Net Interest Margin[(9)] (%)	4.85	4.68	4.96
Average Yield on Disbursement[(10)] (%)	12.97	13.50	13.36

Notes:

(1) *Total interest earning assets represents – Term Loans (Gross); Balances with banks in deposit accounts with original maturity of less than three month; Balances with banks in other deposit accounts with an original maturity of more than three months; fixed deposits with banks; and Investment in government securities and Bonds as of the last day of the previous year.*

(2) *Average Interest-earning Assets represent the quarterly average of Total Interest-Earning Assets as of the last day of the current quarters.*

(3) *Total Borrowings represents includes debt securities, borrowings (other than debt securities) and subordinated liabilities.*

(4) *Average Total Borrowings is the quarterly average of our Total Borrowings outstanding as of the last day of the current quarters and Total Borrowings of the last day of the previous year.*

(5) *Yield on interest-earning assets is interest income divided by Average Interest-Earning Assets.*

(6) *Yield on Average Term Loans (Gross) is interest income divided by Average Term Loans (Gross).*

(7) *Average Cost of Borrowing is finance costs divided by average Total Borrowings.*

(8) *Spread is the difference between Yield on Average Term Loans (Gross) and Average Cost of Borrowing.*

(9) *Net Interest Margin represents the difference between interest income and finance costs for the year to the Average Interest Earning Assets for the year.*

(10) *Yield on disbursement represents weighted average of rate of interest on all loan amounts extended to our customers in the relevant year.*

II. Borrowings

Details of Borrowings

The following table sets forth details of our borrowings for the relevant year:

Product	As of/ For the year ended March 31,		
	2024	2023	2022
	(₹ in million, except percentages and numbers)		
Total Borrowings [(1)]	101,352.45	72,101.25	41,002.79
Fresh Borrowings during the Year [(2)]	53,608.18	47,009.34	27,640.32
Undrawn Borrowing Facilities [(3)]	4,830.00	6,810.00	4,160.00
Debt to equity ratio (times)	2.76	3.35	4.06
Average Cost of Borrowings [(4)] (%)	9.72	8.90	8.76
Incremental Cost of Borrowings [(5)] (%)	9.48	9.03	8.02
Average Tenure of Borrowings at Origination (in months) [(6)]	58	61	62
Average Residual Tenure of Borrowings (in months)[(7)]	35	37	44
Borrowing concentration from 10 largest lenders by exposure to us (%)	54.17	48.03	51.95

Notes:

(1) *Total Borrowings includes debt securities, borrowings (other than debt securities) and subordinated liabilities.*
(2) *Fresh Borrowing during the year represents aggregate of all loan amounts drawn from our lenders in the relevant year.*
(3) *Undrawn borrowing facilities represent the aggregate of borrowings that have been sanctioned by lenders but yet to be drawn by us,*
(4) *Debt to Equity Ratio is computed by dividing total borrowings by total equity.*
(5) *Average Cost of Borrowings is finance costs divided by average Total Borrowings (Average Total Borrowings represents quarterly average of our Total Borrowings as of the last day of the current year quarters and our Total Borrowings of the last day of the previous year)*
(6) *Incremental Cost of Borrowings represents the weighted average cost of fresh borrowings during the relevant year.*
(7) *Average Tenure of Borrowings at Origination represents the average tenure of borrowings as of the last day of the relevant year weighted based on origination tenure.*
(8) *Average Residual Tenure of Borrowings represents the average tenure of borrowings as of the last day of the relevant year weighted based on residual tenure.*

Sources of Borrowings

Particulars	As of March 31,					
	2024		2023		2022	
	Amount	% of Total Borrowings	Amount	% of Total Borrowings	Amount	% of Total Borrowings
	(₹ in million, except percentages)					
Debt Securities:						
Non-convertible Debentures (Secured)	30,534.36	30.13	28,238.75	39.17	11,305.10	27.58
Commercial Paper (Unsecured)	-	-	-	-	247.85	0.60
Debt Securities (A)	**30,534.36**	**30.13**	**28,238.75**	**39.17**	**11,552.95**	**28.18**
Borrowings (other than Debt Securities):						
Term Loans:						
- From Banks	57,336.93	56.57	37,214.15	51.61	21,091.64	51.45
- From financial institutions	1,877.58	1.85	1,508.30	2.09	1,394.92	3.40
External Commercial Borrowing (ECB)	9,297.19	9.17	1,089.17	1.51	1,100.53	2.68
Cash Credit from Banks	162.87	0.16	-	-	200.00	0.49
Securitisation Liabilities	1,638.77	1.62	3,280.15	4.55	4,893.25	11.93
Borrowings (other than Debt Securities) (B)	**70,313.34**	**69.37**	**43,091.77**	**59.76**	**28,680.34**	**69.94**
Subordinated Liabilities (Unsecured) (C)	504.75	0.50	770.73	1.07	769.50	1.88
Total Borrowings (A+B+C)	**101,352.45**	**100.00**	**72,101.25**	**100.00**	**41,002.79**	**100.00**

Borrowing Mix by Type of Lenders (Excluding non-convertible debentures and subordinated liabilities)

Particulars	As of March 31,					
	2024		2023		2022	
	Count	Amount	Count	Amount	Count	Amount
	(₹ in million, except percentages)					
Banks	35	67,414.34	30	40,494.33	27	26,432.87
NBFCs and Financial Institutions	4	2,899.00	5	2,597.44	5	2,495.32
Total	**39**	**70,313.34**	**35**	**43,091.77**	**32**	**28,928.19**

Borrowings by types of interest rates

The following table sets forth, as of the year ends indicated, the breakdown of our borrowings by the type of interest rates:

Particulars	As of March 31,		
	2024	2023	2022
	(in percentage)		
Floating Rate Borrowings	70.79	62.71	59.97
Fixed Rate Borrowings	29.21	37.29	40.03
Total	**100.00**	**100.00**	**100.00**

III. Asset Quality

Stage Wise Loans

The following table sets forth, as of and for the years indicated, the breakdown of our loan portfolio by stage of loan:

Particulars	As of/ For the Year Ended March 31,		
	2024	2023	2022
	(₹ in million, except percentages)		
Term Loans (Gross)			
1. Stage 1[(1)]	123,475.99	82,161.79	45,281.43
2. Stage 2[(2)]	1,200.21	2,002.46	1,999.77
3. Stage 3[(3)]	532.35	472.12	618.99
4. Term Loans (Gross) (4=1+2+3)	**125,208.55**	**84,636.37**	**47,900.19**
Expected credit loss - Loans			
5. Stage 1	582.94	184.54	178.27
6. Stage 2	286.34	412.31	194.94
7. Stage 3	371.07	327.28	367.11
8. Expected credit loss – Loans (8=5+6+7)	**1,240.35**	**924.13**	**740.32**
Term Loans (Net)			
9. Stage 1 (9=1-5)	122,893.05	81,977.25	45,103.16
10. Stage 2 (10=2-6)	913.87	1,590.15	1,804.83
11. Stage 3 (11=3-7)	161.28	144.84	251.88
12. Term Loans (Net) (12=4-8)	**123,968.20**	**83,712.24**	**47,159.87**
13. Gross Stage 3 Loans (%)	**0.43**	**0.56**	**1.29**
14. Net Stage 3 Loans (%)	**0.13**	**0.17**	**0.53**
15. Provision Coverage Ratio	**69.70**	**69.32**	**59.31**

Note:

(1) *Stage 1: Assets upto 30 days of principal / interest overdue.*

(2) *Stage 2: (a) Assets with principal / interest past due between 31 to 90 days; (b) Assets where the contractual terms of the loans were renegotiated/modified as per the RBI circular on resolution framework for Covid-19 related stress dated August 6, 2020 and May 5, 2021 and which are not classified as Stage 3; and (c) Assets where credit risk has increased significantly basis qualitative assessment of the borrower.*

(3) *Stage 3: (a) Non-performing assets (credit impaired assets) with principal /interest past due more than 90 days; (b) and cases where frauds have been identified; (c) loan accounts where principal and/or interest were past due for more than 90 days along with all other loans of such customer, continue to be classified as stage 3, till overdue across all loan accounts are cleared.*

Stage-wise Loans by Products

The following table sets forth, as of and for the years indicated, the breakdown of our loan portfolio by stage of loan and product:

Particulars	As of March 31,					
	2024		2023		2022	
	Amount	% of Term Loans (Gross)	Amount	% of Term Loans (Gross)	Amount	% of Term Loans (Gross)
	(₹ in million, except percentages)					
Student Loans – International						
Stage 1	98,045.84	99.60	57,183.97	99.17	26,770.69	97.93
Stage 2	315.08	0.32	392.23	0.68	485.63	1.78
Stage 3	76.22	0.08	83.74	0.15	78.29	0.29
Term Loans (Gross): Student Loans – International	**98,437.14**	**100.00**	**57,659.94**	**100.00**	**27,334.61**	**100.00**
Educational Institution Loans						
Stage 1	19,772.29	95.24	14,575.33	91.18	10,431.60	89.17
Stage 2	612.71	2.95	1,210.27	7.57	1,124.97	9.62
Stage 3	375.37	1.81	199.69	1.25	140.96	1.21
Term Loans (Gross): Educational Institution Loans	**20,760.37**	**100.00**	**15,985.29**	**100.00**	**11,697.53**	**100.00**
Education Loans – Domestic						
Stage 1	3,403.91	94.33	9,389.48	96.85	7,651.87	98.32
Stage 2	140.82	3.90	263.50	2.72	103.07	1.32
Stage 3	63.62	1.77	42.19	0.44	28.20	0.36
Term Loans (Gross): Education Loans – Domestic	**3,608.35**	**100.00**	**9,695.17**	**100.00**	**7,783.14**	**100.00**
Term Loans (Gross) – Others[(1)]						
Stage 1	2,103.58	98.95	707.80	98.83	-	-
Stage 2	14.35	0.68	3.84	0.54	-	-
Stage 3	8.04	0.38	4.57	0.64	-	-
Term Loans (Gross): Others[(1)]- Total	**2,125.97**	**100.00**	**716.21**	**100.00**	-	-
Term Loans (Gross) [(2)]	**125,208.55**	**100.00**	**84,636.37**	**100.00**	**47,900.19**	**100.00**

Note:

(1) *Others includes cross sell, and loan portfolio purchased under direct assignment.*

(2) *Includes discontinued business - legacy SME loan portfolio which was discontinued prior to change in control in Financial Year 2020.*

Product-wise gross carrying amount of Stage 3 loans

The following table sets forth the breakdown of our Gross carrying amount of Stage 3 loans by product, as of and for the years indicated:

Product	As of March 31,					
	2024		2023		2022	
	Amount	Gross Stage 3 loans (%)	Amount	Gross Stage 3 loans (%)	Amount	Gross Stage 3 loans (%)
	(₹ in million, except percentages)					
Student Loans – International	76.22	0.08	83.74	0.15	78.29	0.29
Educational Institution Loans	375.37	1.81	199.69	1.25	140.96	1.21
Education Loans – Domestic	63.62	1.76	42.19	0.44	28.20	0.36
Others (1)	8.04	0.38	4.57	0.64	0.00	0.00
Gross carrying amount of Stage 3 loans	**532.35**	**0.43**	**472.12**	**0.56**	**618.99**	**1.29**

Note:

(1) *Others include cross sell, loan against property and loan portfolio purchased under direct assignment.*

(2) *Gross carrying amount of Stage 3 loans includes discontinued business - legacy SME loan portfolio which was discontinued prior to change in control in Financial Year 2020.*

Product-wise net carrying amount of Stage 3 loans

The following table sets forth the breakdown of our net carrying amount of Stage 3 loans by product, as of and for the years indicated:

Product	As of March 31,					
	2024		2023		2022	
	Amount	Net Stage 3 loans (%)	Amount	Net Stage 3 loans (%)	Amount	Net Stage 3 loans (%)
	(₹ in million, except percentages)					
Student Loans – International	13.22	0.01	23.28	0.04	33.03	0.12
Educational Institution Loans	137.88	0.67	93.05	0.59	79.21	0.68
Education Loans – Domestic	8.29	0.23	6.17	0.06	9.13	0.12
Others (1)	1.88	0.09	2.05	0.29	0.00	0.00
Net carrying amount of Stage 3 loans	**161.28**	**0.13**	**144.84**	**0.17**	**251.88**	**0.53**

Note:

(1) *Others include cross sell, loan against property and loan portfolio purchased under direct assignment.*

(2) *Net carrying amount of Stage 3 loans includes discontinued business - legacy SME loan portfolio which was discontinued prior to change in control in Financial Year 2020.*

IV. Capital to risk weighted assets ratio (CRAR)

The following table sets forth our Company's capital risk to asset ratios (on a standalone basis) as of the dates indicated:

Particulars	As of March 31,		
	2024	2023	2022
	(₹ in million, except percentages)		
Tier I Capital	34,986.01	20,764.98	9,605.47
Tier II Capital	760.21	431.96	598.35
Total Capital	**35,746.23**	**21,196.95**	**10,203.82**
Risk Weighted Assets	129,890.30	85,262.02	44,446.55
Capital to risk weighted assets ratio (CRAR)(1) (%)	27.52	24.86	22.96
Tier I Capital (2) (%)	26.94	24.35	21.61
Tier II Capital (%)	0.58	0.51	1.35

Notes:

1. *Capital to risk weighted assets ratio (CRAR) is computed by dividing our Tier I and Tier II capital by risk weighted assets, each as computed in accordance with relevant RBI guidelines.*
2. *Tier I capital comprises of share capital, share premium, retained earnings including current year profit and Tier II capital comprises of provision on stage I assets. Risk weighted assets represents the weighted sum of credit exposures based on their risk as computed in accordance with the relevant RBI guidelines.*

Asset Liability Management

The following table sets forth the maturity pattern of interest bearing assets and total borrowings as at the end of the relevant year:

Particulars		Upto 1 month	Over 1 month 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
		(₹ in million)							
Liabilities									
Total Borrowings	As of March 31, 2024	1,089.15	7,271.56	4,038.22	18,722.95	56,310.31	13,646.19	274.11	101,352.49
	As of March 31, 2023	1,087.93	2,768.80	7,350.63	10,278.88	38,687.53	11,123.12	804.37	72,101.26

Particulars		Upto 1 month	Over 1 month 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
		(₹ in million)							
	As of March 31, 2022	449.58	1,457.95	1,958.77	6,810.42	17,445.00	10,118.59	2,762.47	41,002.78
Assets									
Cash and Bank equivalents	As of March 31, 2024	3,334.82	8,217.62	-	10.96	30.90	-	245.62	11,839.92
	As of March 31, 2023	3,070.64	4,077.57	2,280.10	318.57	7.92	-	305.17	10,059.97
	As of March 31, 2022	5,284.10	10.49	0.08	8.26	9.54	-	259.86	5,572.33
Loans, net of provision	As of March 31, 2024	2,148.43	3,770.21	5,644.53	11,044.40	52,588.53	45,013.69	3,758.43	123,968.21
	As of March 31, 2023	2,642.90	3,672.45	4,909.97	7,336.90	33,270.97	16,485.65	15,393.40	83,712.24
	As of March 31, 2022	895.11	1,157.07	1,596.94	1,674.45	5,485.78	10,676.51	25,674.00	47,159.86
Other Assets	As of March 31, 2024	898.15	1,484.83	48.48	-	-	-	-	2,431.46
	As of March 31, 2023	298.55	296.70	48.92	-	-	-	-	644.17
	As of March 31, 2022	-	-	97.96	29.39	-	-	-	127.35
Positive/ (Negative) mismatch of assets over liabilities	As of March 31, 2024	5,292.22	6,201.10	1,654.78	(7,667.59)	(3,690.89)	31,367.50	3,729.97	36,887.09
	As of March 31, 2023	4,924.16	5,277.91	(111.64)	(2,623.40)	(5,408.64)	5,362.54	14,894.18	22,315.11
	As of March 31, 2022	5,729.64	(290.39)	(263.79)	(5,098.32)	(11,949.68)	557.93	23,171.37	11,856.76
Cumulative mismatch of assets over liabilities	As of March 31, 2024	5,292.22	11,493.33	13,148.10	5,480.51	1,789.62	33,157.12	36,887.09	36,887.09
	As of March 31, 2023	4,924.16	10,202.08	10,090.44	7,467.04	2,058.40	7,420.93	22,315.11	22,315.11
	As of March 31, 2022	5,729.64	5,439.25	5,175.45	77.13	(11,872.55)	(11,314.62)	11,856.76	11,856.76

V. Products Offering

Product Wise AUM

The following table sets forth, as of years indicated, the product-wise breakdown of AUM:

Particulars	As of March 31,					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
	(₹ in million except percentages)					
Student Loans – International	104,136.69	78.28	58,295.05	67.42	27,369.70	56.60
Educational Institution Loans	22,662.81	17.04	17,461.72	20.20	11,949.83	24.71
Education Loans - Domestic	3,610.28	2.71	9,369.02	10.84	7,784.58	16.10
Others(1)	2,275.77	1.71	696.09	0.81	11.36	0.02
Total(2)	**133,030.47**	**100.00**	**86,460.68**	**100.00**	**48,356.09**	**100.00**

Notes:

(1) *Others include cross sell, LAP, & loans purchased under direct assignment.*

(2) *Includes discontinued business - legacy SME loan portfolio which was discontinued prior to change in control in Financial Year 2020.*

Student Loans – International

Student Loans – International AUM by Country of Education

The following table sets forth, as of years indicated, the breakdown of AUM in our Student Loans – International business by country of education:

Geography	As of March 31,					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
	(₹ in million except percentages)					
United States	59,022.99	56.67	31,850.49	54.64	14,512.60	53.02
United Kingdom	23,790.39	22.85	11,600.04	19.90	3,265.41	11.93
Canada	16,306.54	15.66	11,611.10	19.92	6,912.97	25.26
Others#	5,016.76	4.82	3,233.42	5.54	2,678.72	9.79
Total	**104,136.69**	**100.00**	**58,295.05**	**100.00**	**27,369.70**	**100.00**

Includes countries such as Australia, Germany, Ireland and New Zealand, among others.

Student Loans - International AUM by course type

Course	As of March 31,					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
	(₹ in million, except percentages)					
Student Loans - International AUM						
Science and Engineering	77,024.34	73.97	41,648.22	71.44	18,911.18	69.10
Finance and Management	24,299.66	23.33	14,597.29	25.04	7,052.49	25.76

Course	As of March 31,					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
	(₹ in million, except percentages)					
Others	2,812.69	2.70	2,049.54	3.52	1,406.03	5.14
Total	**104,136.69**	**100.00**	**58,295.05**	**100.00**	**27,369.70**	**100.00**

Educational Institution Loans

Educational Institution Loans AUM by Type of Educational Institution

The following table sets forth, as of years indicated, the breakdown of gross AUM of our secured educational institution loans by type of the educational institution:

Type of Educational Institution	As of March 31,		
	2024	2023	2022
	(in percentage)		
K-12 and Diversified	87.50	89.90	95.58
Higher Education	12.50	10.10	4.42

Disbursements

Product Wise Disbursements

The following table sets forth, as of years indicated, the product-wise breakdown of our disbursements:

Particulars	Financial Year					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
	(₹ in million, except percentages)					
Student Loans – International	47,127.95	74.39	34,079.94	55.49	15,512.45	52.97
Educational Institution Loans	12,061.65	19.04	10,270.20	16.72	4,598.23	15.70
Education Loans – Domestic	3,555.48	5.61	16,313.43	26.56	9,161.28	31.28
Others(1)	604.95	0.96	752.74	1.23	12.92	0.05
Total	**63,350.03**	**100.00**	**61,416.31**	**100.00**	**29,284.88**	**100.00**

Notes:

(1) *Others include cross sell, LAP & loan portfolio purchased under direct assignment.*

Disbursement by Sourcing Channel

The following table sets forth, as of years indicated, the breakdown of our disbursement by sourcing channel:

Particulars	Financial Year					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
	(₹ in million, except percentages)					
Student Loans - International						
- Counsellors and Aggregators	23,704.43	50.30	19,096.93	56.03	8,983.52	57.91
- DSAs	15,722.23	33.36	10,032.98	29.44	3,535.65	22.79
- Direct (In-house / referral)	7,701.29	16.34	4,950.03	14.53	2,993.28	19.30
Educational Institution Loans						
- DSAs	9,394.61	77.89	7,827.70	76.22	3,470.52	75.48
- Direct (In-house / referral)	2,667.05	22.11	2,442.50	23.78	1,127.71	24.52

Student Loans – International Disbursement by Country of Education

The following table sets forth, as of years indicated, the breakdown of our disbursement by country of education of students:

Particulars	Financial Year					
	2024		2023		2022	
	Amount	% of total	Amount	% of total	Amount	% of total
	(₹ in million, except percentages)					
United States	27,320.75	57.97	19,115.55	56.09	8,345.91	53.80
United Kingdom	11,986.60	25.43	8,358.01	24.52	2,631.90	16.97
Canada	5,343.60	11.34	5,470.90	16.05	3,726.67	24.02
Others#	2,477.00	5.26	1,135.48	3.34	807.97	5.21
Total	**47,127.95**	**100.00**	**34,079.94**	**100.00**	**15,512.45**	**100.00**

Includes countries such as Australia, Germany, Ireland and New Zealand, among others.

Student Loans – International Disbursements by course type

Product	Financial Year					
	2024		2023		2022	
	Amount	% of total	Amount	% of total	Amount	% of total
	(₹ in million, except percentages)					
Science & Engineering	35,910.65	76.20	24,843.09	72.90	10,862.73	70.02
Finance & Management	10,279.80	21.81	8,300.42	24.36	3,995.71	25.76
Others	937.50	1.99	936.43	2.74	654.01	4.22
Total (Student Loans – International)	**47,127.95**	**100.00**	**34,079.94**	**100.00**	**15,512.45**	**100.00**

Student Loans – International Disbursement by CIBIL of co-applicant

The following table sets forth, as of years indicated, the breakdown of our Student Loans – International disbursement by CIBIL of co-applicant:

CIBIL of co-applicant	Financial Year		
	2024	2023	2022
	(in percentage)		
750+	71.91	68.97	70.97
700 - 750	21.97	21.54	19.45
< 700	2.21	2.90	3.99
NTC	3.91	6.58	5.59

Educational Institution Loans disbursement by students strength

Student Strength	Financial Year		
	2024	2023	2022
	(in percentage)		
x < 300	2.10	3.87	8.52
300 < x < 500	13.59	10.84	9.34
500 < x < 1,000	37.11	37.10	33.01
x > 1,000	47.20	48.19	49.13
Total	**100.00**	**100.00**	**100.00**

Educational Institution Loans disbursement by institute vintage

Institution Vintage	Financial Year		
	2024	2023	2022
	(in percentage)		
Less than 3 years	21.45	25.34	7.68
3 yrs < x < 7 yrs	3.52	1.58	0.13
7 yrs < x < 10 yrs	17.23	10.49	7.57
X > 10 yrs	57.80	62.59	84.62
Total	**100.00**	**100.00**	**100.00**

Educational Institution Loans disbursement by commercial CIBIL

The following table sets forth, as of years indicated, the breakdown of our disbursement of educational institution loans by commercial CIBIL:

CIBIL of Educational Institution	Financial Year		
	2024	2023	2022
	(in percentage)		
750+	63.03	65.63	50.09
700 – 750	21.02	28.74	29.79
< 700	3.53	2.77	10.50
NTC	12.43	2.86	9.61

Product-Wise Key Metrics

Product-Wise Yields

The following table sets forth, as of years indicated, the product-wise breakdown of our disbursement yields:

Product	Financial Year		
	2024	2023	2022
	(in percentage)		
Student Loans – International	12.44	12.12	12.06
Educational Institution Loans	13.21	13.47	13.22

Product	Financial Year		
	2024	2023	2022
	(in percentage)		
Student Loans – International	12.44	12.12	12.06
Education Loans – Domestic	18.94	16.35	15.62

Note: Yield on disbursement represents weighted average of yield on all loan amounts (for the respective product) extended to our customers in the relevant year.

Product-Wise Sanctioned Average Ticket Size

The following table sets forth, as of years indicated, the product-wise breakdown of our average ticket size on disbursement:

Product	Financial Year		
	2024	2023	2022
	(₹ in million)		
Student Loans – International	3.31	3.06	2.88
Educational Institution Loans	16.36	14.71	12.64
Education Loans - Domestic	0.11	0.09	0.07

VI. Customer Base

The following table sets forth, as of years indicated, the product wise active loan accounts as of the end of relevant year:-

Product	As of March 31,					
	2024		2023		2022	
	Active loan accounts	% of Total	Active loan accounts	% of Total	Number	% of Total
	(in numbers, except percentages)					
- Student Loans – International	35,802	38.72	22,746	13.09	12,499	9.55
- Educational Institution Loans	1,990	2.15	1,699	0.98	1,321	1.01
- Education Loans - Domestic	48,194	52.12	146,447	84.27	116,446	89.00
- Others[1]	6,248	6.76	2,561	1.47	91	0.07
Total Active Loan accounts[2]	**92,468**	**100.00**	**173,786**	**100.00**	**130,844**	**100.00**

Notes:

(1) Others include cross sell, LAP and loans purchased under direct assignment.

(2) Includes discontinued business - legacy SME loan portfolio which was discontinued prior to change in control in Financial Year 2020.

The following table sets forth, as of years indicated, the proportion of female borrowers in our customer base:

	As of March 31,					
	2024		2023		2022	
	Number of borrowers	% of Total Borrowers	Number of borrowers	% of Total Borrowers	Number of borrowers	% of Total Borrowers
	(in numbers, except percentages)					
Number of customers						
- Female Students	25,246	27.30	47,781	27.49	37,128	28.38
Total Active Loan accounts	**92,468**		**1,73,786**		**130,844**	

VII. Geographical Metrics

AUM by State/Territory

Student Loans – International: The following table sets forth, as of years indicated, the geographical spread of AUM by state / territory:

AUM by State/ Territory	As of March 31,					
	2024		2023		2022	
	Amount	Percentage of AUM	Amount	Percentage of AUM	Amount	Percentage of AUM
	(₹ in million, except percentages)					
Andhra Pradesh	4,162.65	4.00	2,170.15	3.72	765.67	2.80
Chandigarh	5,068.47	4.87	3,024.59	5.19	1,436.77	5.25
Delhi	15,422.49	14.81	8,282.84	14.21	4,337.29	15.84
Gujarat	5,728.16	5.50	3,272.61	5.61	1,432.43	5.23
Karnataka	11,994.10	11.52	5,804.64	9.96	1,947.62	7.12
Madhya Pradesh	3,597.39	3.45	2,318.09	3.98	1,162.14	4.25
Maharashtra	24,777.10	23.79	15,592.93	26.75	8,491.83	31.03
Rajasthan	1,417.85	1.36	908.89	1.56	459.09	1.68
Tamil Nadu	11,611.84	11.15	6,396.27	10.97	3,126.64	11.41

AUM by State/ Territory	As of March 31,					
	2024		2023		2022	
	Amount	Percentage of AUM	Amount	Percentage of AUM	Amount	Percentage of AUM
	(₹ in million, except percentages)					
Telangana	13,581.97	13.04	7,193.42	12.34	3,091.52	11.30
West Bengal	6,774.67	6.51	3,330.62	5.71	1,118.69	4.09
Total	**104,136.69**	**100.00**	**58,295.05**	**100.00**	**27,369.70**	**100.00**

Educational Institution Loans: The following table sets forth, as of years indicated, the geographical spread of AUM by state / territory:

AUM by State / Territory	As of March 31,					
	2024		2023		2022	
	Amount	Percentage of AUM	Amount	Percentage of AUM	Amount	Percentage of AUM
	(₹ in million, except percentages)					
Andhra Pradesh	1,028.65	4.54	593.25	3.40	347.18	2.91
Chandigarh	1,226.12	5.41	1,082.74	6.20	772.10	6.46
Chhattisgarh	1,315.44	5.80	799.82	4.58	585.32	4.90
Delhi	2,743.54	12.11	2,326.13	13.32	1,616.17	13.52
Gujarat	1,069.15	4.72	884.37	5.06	605.82	5.07
Karnataka	1,639.35	7.23	930.12	5.33	585.46	4.90
Madhya Pradesh	1,000.57	4.42	741.31	4.25	266.56	2.24
Maharashtra	2,863.90	12.63	1,995.26	11.43	1,263.49	10.57
Rajasthan	2,094.36	9.24	1,922.86	11.01	1,271.56	10.64
Tamil Nadu	2,087.76	9.21	2,248.79	12.87	2,042.73	17.09
Telangana	4,313.25	19.03	2,899.96	16.61	1,740.47	14.56
West Bengal	1,280.72	5.65	1,037.11	5.94	852.97	7.14
Total	**22,662.81**	**100.00**	**17,461.72**	**100.00**	**11,949.83**	**100.00**

Operational Metrics

The following table sets forth certain operational metrics for the years indicated:

Particulars	As of/ For the Year Ended March 31,		
	2024	2023	2022
	(₹ in million, except otherwise specified)		
Cumulative number of universities (student loans - international)	1,585	1,506	1,411
Cumulative number of countries (student loans – international)	49	48	48
Total number of employees (1)	672	521	420
– Number of sales employees (2)	215	183	158
– Number of collection employees (3)	88	61	45
Number of DSAs (4)	452	386	270
Number of counsellors and aggregators	320	255	190
AUM per Average Employee (5)	219.52	186.74	121.80
Disbursement per Average Employee (6)	104.54	132.65	73.77

Notes:

(1) *Total number of employees represents aggregate number of our employees as of the last day of relevant year.*

(2) *Number of Sales employees represents aggregate number of our Sales employees as of the last day of relevant year.*

(3) *Number of Collection employees represents aggregate number of our Collection employees as of the last day of relevant year.*

(4) *Number of DSAs represents aggregate/cumulative number of our associated business partners as of the last day of relevant year.*

(5) *AUM per Employee represents AUM as of the last day of the relevant year divided by average total number of employees during the relevant year.*

(6) *Disbursement per Employee represents Disbursement during the relevant year divided by average total number of employees during the relevant year.*

For Non-GAAP measures reconciliations, please see "*Other Financial Information –Reconciliation of Non-GAAP Measures*" on page 343.

SECTION V: FINANCIAL INFORMATION

RESTATED SUMMARY STATEMENTS

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Independent Auditor's Examination Report on the restated consolidated summary statement of assets and liabilities as at March 31, 2024 and March 31, 2023, the restated consolidated summary statement of profit and loss (including other comprehensive income/(loss)), restated consolidated summary statement of changes in equity and the restated consolidated summary statement of cash flows for the years ended March 31, 2024 and March 31, 2023 and the summary of material accounting policies and explanatory notes and on the restated standalone summary statement of assets and liabilities as at March 31, 2022, restated standalone summary statement of profit and loss (including other comprehensive income/(loss)), restated standalone summary statement of changes in equity and the restated standalone summary statement of cash flows for the year ended March 31, 2022 and the summary of material accounting policies and explanatory notes (collectively, the "Restated Summary Statements")

The Board of Directors
Avanse Financial Services Limited
4th Floor, E Wing, Times Square Building
Andheri Kurla Road, Andheri (East)
Mumbai – 400 059, Maharashtra, India

Dear Sirs / Madams,

1. We, S. R. Batliboi & Co. LLP, have examined the Restated Summary Statements of Avanse Financial Services Limited (the "Company") and its subsidiary (the Company together with its subsidiary hereinafter referred to as the "Group"), annexed to this report and prepared by the Company for the purpose of inclusion in the draft red herring prospectus ("DRHP") in connection with its proposed initial public offer of equity shares of face value of Rs.5 each by way of fresh issue of equity shares and offer for sale by the selling shareholders of the Company (the "Offer"). The Restated Summary Statements, which have been approved by the Board of Directors of the Company at their meeting held on May 27, 2024, have been prepared by the Company in accordance with the requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act");

   b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

   c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) (as amended) issued by the Institute of Chartered Accountants of India ("ICAI") (the "Guidance Note").

Management's Responsibility for the Restated Summary Statements

2. The preparation of the Restated Summary Statements, which are to be included in the DRHP is the responsibility of the management of the Company. The Restated Summary Statements have been prepared by the management of the Company on the basis of preparation, as stated in note 2.1 of Annexure V to the Restated Summary Statements. The management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Summary Statements. The management is also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

Auditor's Responsibilities

3. We have examined such Restated Summary Statements taking into consideration:

   a) the terms of reference and terms of our engagement agreed with you vide our engagement letter dated May 20, 2024, requesting us to carry out the assignment, in connection with the proposed Offer of the Company;

   b) the Guidance Note. The Guidance Note also requires that we comply with ethical requirements of the Code of Ethics issued by ICAI;

   c) concepts of test checks and materiality to obtain reasonable assurance based on the verification of evidence supporting the Restated Summary Statements; 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 Offer.

Restated Summary Statements

4. The Restated Summary Statements have been compiled by the management of the Company from:

   a) Audited consolidated financial statements of the Group as at and for the years ended March 31, 2024 and March 31, 2023, which were prepared in accordance with Indian Accounting Standards as prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, which were approved by the Board of Directors at their meetings held on April 30, 2024 and May 5, 2023 respectively; and

   b) Audited standalone financial statements of the Company as at and for the year ended March 31, 2022, which were prepared in accordance with Indian Accounting Standards as prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, which were approved by the Board of Directors at their meeting held on May 5, 2022.

5. For the purpose of our examination, we have relied on:

   a) Independent Auditor's Reports issued by us dated April 30, 2024 and May 5, 2023 on the consolidated financial statements of the Group as at and for each of the years ended March 31, 2024 and March 31, 2023, respectively, as referred in paragraph 4(a) above;

   b) Independent Auditor's Report issued by us dated May 5, 2022 on the standalone financial statements of the Company as at and for the year ended March 31, 2022, as referred in paragraph 4(b) above; and

   c) The examination report issued by M/s Sharp & Tannan, auditors of Avanse Global Finance IFSC Private Limited (the subsidiary of the Company), included in the Restated Summary Statements for the year ended March 31, 2024 and period ended March 31, 2023.

6. The audit reports on the consolidated financial statements for the year ended March 31, 2024 and March 31, 2023 issued by us, as referred in paragraph 5 above, which do not require any adjustment in the Restated Summary Statements, contain the following:

   a) The report on Other Legal and Regulatory Requirements included in the auditor's report on the consolidated financial statements of the Group as at and for year ended March 31, 2024 included the following modifications relating to the maintenance of books of account and other matters connected therewith as reproduced below:

      (i) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and report of the other auditor, except for the matters stated in paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, as amended;

      (ii) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 2(b) above on reporting under Section 143(3)(b) of the Act and paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, as amended; and

      (iii) Based on our examination which included test checks, the Holding Company has used accounting software for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that in respect of certain software, the audit trail feature either did not operate throughout the period, or was not enabled for direct changes to database when using certain access rights as described in note 43 to the Consolidated Financial Statements. Also, during the course of our audit, we did not come across any instance of audit trail feature being tampered with except that in respect of certain software, we were not able to obtain sufficient and appropriate audit evidence to determine whether there were any instances of the audit trail feature being tampered with, as described in the aforesaid note to the Consolidated Financial Statements.

      Further, based on the examination performed by the auditor of the subsidiary which is a company incorporated in India whose financial statements have been audited under the Act, the subsidiary has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility, but such feature was not enabled during the year.

b) The auditor's report on the consolidated financial statements of the Group included qualifications in the report on the Companies (Auditor's Report) Order, 2020 issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act ("CARO 2020") as at and for the years ended March 31, 2024 and March 31, 2023, which did not require any corrections (included in Annexure VI in the attached Restated Summary Statements).

c) The auditor's report on the standalone financial statements of the Company included qualifications in the report on CARO 2020 as at and for the year ended March 31, 2022, which did not require any corrections (included in Annexure VI in the attached Restated Summary Statements).

7. As indicated in our auditor's report in respect of consolidated financial statements for the year ended March 31, 2024 referred to in paragraph 4(a) above, we did not audit the financial statements of a subsidiary for the year ended March 31, 2024, whose total assets, total revenues and net cash inflows / (outflows) included in the consolidated financial statements, for the year are tabulated below, which were audited by other auditor referred in paragraph 5(c) above and whose report was furnished to us by the Company's management and our opinion on the consolidated financial statements for the year ended March 31, 2024, in so far as it related to the amounts and disclosures included in respect of the subsidiary, was based solely on the report of the other auditor:

Particulars	**As at and for the year ended March 31, 2024**
Number of subsidiaries	1
Total assets	Rs.2,795.03 lakhs
Total revenue	Rs.79.83 lakhs
Net cash inflow	Rs.2,495.68 lakhs

8. As indicated in our auditor's report in respect of consolidated financial statements for the year ended March 31, 2023 referred to in paragraph 4(a) above, the consolidated financial statements for the year ended March 31, 2023 included unaudited financial statements and other unaudited financial information in respect of a subsidiary, whose financial statements and other financial information reflected total assets, total revenues and net cash inflows / (outflows), for the year as tabulated below. These unaudited financial statements and other unaudited financial information were furnished to us by the management, and our opinion on the consolidated financial statements for the year ended March 31, 2023 insofar as it related to the amounts and disclosures included in respect of this subsidiary was based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial statements and other financial information were not material to the Group.

Particulars	**As at and for the year ended March 31, 2023**
Number of subsidiaries	1
Total assets	Rs.39.23 lakhs
Total revenue	Rs. Nil
Net cash inflow	Rs.1 lakh

9. The other auditor as mentioned in paragraph 5(c) above, has examined the restated summary statements in respect of year ended March 31, 2024 and period ended March 31, 2023, of a subsidiary included in these Restated Summary Statements and has confirmed that the restated summary statements of the component:

(i) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications in the period ended March 31, 2023 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed for the year ended March 31, 2024;

(ii) does not contain any qualifications requiring adjustments; and

(iii) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

10. Based on our examination, in accordance with the requirements of Section 26 of Part I of Chapter III of the Act, the ICDR Regulations and the Guidance Note, and according to the information and explanations given to us and also as per the reliance placed on the examination report of the subsidiary submitted by the other auditor as stated in paragraph 7 above, we report that:

i) The Restated Summary Statements of the Group have been prepared after making adjustments for the changes in accounting policies, material errors and regroupings / reclassifications retrospectively in the financial years ended March 31, 2023 and 2022 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2024, as more fully described in Note A of Annexure VI to the Restated Summary Statements;

ii) There are no qualifications in the auditor's reports on the audited consolidated financial statements of the Group as at and for each of the years ended March 31, 2024 and 2023, audited standalone financial statements of the Company as at and for the year ended March 31, 2022, which require any adjustments to the Restated Summary Statements. There are modifications in our report on Other Legal and Regulatory Requirements relating to the maintenance of books of account and other matters connected therewith and items relating to qualification in CARO 2020, as disclosed in Note D of Annexure VI to the Restated Summary Statements, which do not require any adjustment to the Restated Summary Statements; and

iii) The Restated Consolidated Summary Statements have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

11. We have not audited any financial statements of the Group as of any date or for any period subsequent to March 31, 2024. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Group as of any date or for any period subsequent to March 31, 2024.

12. The Restated Summary Statements do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 4 above.

13. This report should not in any way be construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

14. We have no responsibility to update our report for events and circumstances occurring after the date of the respective audit reports referred to in paragraph 5 (a) and (b) above.

15. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited and the National Stock Exchange of India Limited in connection with the Offer of the Company. Our report should not be used, referred to or distributed for any other purpose.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per **Shrawan Jalan**
Partner
Membership No. 102102

UDIN: 24102102BKBZZP5409
Mumbai
May 27, 2024

AVANSE FINANCIAL SERVICES LIMITED

Sr. No.	Details of Restated Summary Statements	Annexure Reference
1	Restated Summary Statement of Assets and Liabilities	Annexure I
2	Restated Summary Statement of Profit and Loss (including other comprehensive income)	Annexure II
3	Restated Summary Statement of Cash Flows	Annexure III
4	Restated Summary Statement of Changes in Equity	Annexure IV
5	Statement of material accounting policies and explanatory notes	Annexure V
6	Statement of material adjustments and regroupings	Annexure VI

AVANSE FINANCIAL SERVICES LIMITED
Annexure I- Restated Summary Statement of Assets and Liabilities
(All amounts in INR million, unless otherwise stated)

Particulars	Note No.	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
ASSETS				
Financial assets				
Cash and cash equivalents	4	13,007.60	7,870.77	3,252.67
Bank balances other than cash and cash equivalents	5	2,296.07	3,428.18	3,321.65
Derivative financial instruments	40.4	3.32	147.21	35.10
Trade receivables	6	91.94	83.30	26.92
Loans	7	123,968.20	83,712.24	47,159.87
Investments	8	2,431.46	644.17	127.35
Other financial assets	9	145.04	593.86	34.56
		141,943.63	**96,479.73**	**53,958.12**
Non-Financial assets				
Current tax assets (net)	10A	190.60	195.28	27.67
Deferred tax assets (net)	10B	94.77	225.02	191.42
Property, plant and equipment	11	233.11	130.88	66.28
Right of use assets	11	440.16	34.86	48.78
Intangible assets under development	11	112.89	46.41	10.80
Other intangible assets	11	135.18	63.45	77.57
Capital work-in-progress	11	88.67	-	-
Other non-financial assets	12	199.34	123.88	149.51
		1,494.72	**819.78**	**572.03**
Total Assets		**143,438.35**	**97,299.51**	**54,530.15**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
Derivative financial instruments	40.4	116.39	-	-
Trade payables	13			
- total outstanding dues of micro and small enterprises		0.85	7.77	3.77
- total outstanding dues of creditors other than micro and small enterprises		750.22	539.60	337.88
Debt securities	14	30,534.36	28,238.75	11,552.95
Borrowings (other than debt securities)	15	70,313.34	43,091.77	28,680.34
Subordinated liabilities	16	504.75	770.73	769.50
Other financial liabilities	17	4,250.17	3,053.83	3,006.34
		106,470.08	**75,702.45**	**44,350.78**
Non-Financial Liabilities				
Current tax liabilities (net)		-	-	19.24
Provisions	18	30.25	13.67	7.46
Other non-financial liabilities	19	170.85	86.17	56.03
		201.10	**99.84**	**82.73**
Total Liabilities		**106,671.18**	**75,802.29**	**44,433.51**
EQUITY				
Equity share capital	20	1,259.12	1,066.38	825.92
Other equity	21	35,508.05	20,430.84	9,270.72
Total equity		**36,767.17**	**21,497.22**	**10,096.64**
Total Liabilities and Equity		**143,438.35**	**97,299.51**	**54,530.15**

The above Restated Summary Statement of Assets and Liabilities to be read in conjunction with the Statement of material accounting policies and explanatory notes appearing in Annexure V and Statement of material adjustments and regroupings - Annexure VI.

This is the Restated Summary Statement of Assets and Liabilities referred to in our report of even date.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

Shrawan Jalan
Partner

Membership No. 102102
Place : Mumbai
Date : May 27, 2024

For and on behalf of the Board of Directors of
Avanse Financial Services Limited

Ravi Venkatraman	**Amit Gainda**
Director	**Managing Director & Chief Executive Officer**
DIN - 00307328	DIN - 09494847
Place : Mumbai	Place : Mumbai
Vikrant Gandhi	**Rajesh Gandhi**
Chief Financial Officer	**Company Secretary**
Place : Mumbai	Place : Mumbai

Date : May 27, 2024

AVANSE FINANCIAL SERVICES LIMITED
Annexure II- Restated Summary Statement of Profit and Loss (including other comprehensive income)
(All amounts in INR million, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2024 (Consolidated)	For the year ended March 31, 2023 (Consolidated)	For the year ended March 31, 2022 (Standalone)
Income				
Revenue from operations				
Interest income	22	14,437.28	8,930.82	4,764.50
Fees and commission income	23	1,842.97	669.38	278.93
Net gain on fair value changes	24	132.49	66.03	39.41
Net gain on derecognition of financial instrument on amortised cost basis		856.86	229.74	-
Total revenue from operations		**17,269.60**	**9,895.97**	**5,082.84**
Other income		18.46	6.32	2.57
Total income		**17,288.06**	**9,902.29**	**5,085.41**
Expenses				
Finance costs	25	8,756.38	5,398.43	2,738.87
Impairment on financial instruments	26	795.92	465.89	190.82
Employee benefits expense	27	1,408.89	948.22	660.90
Depreciation and amortisation expense	11	206.06	133.01	128.77
Other expenses	28	1,527.89	843.59	511.45
Total expenses		**12,695.14**	**7,789.14**	**4,230.81**
Profit before tax		**4,592.92**	**2,113.15**	**854.60**
Tax expense				
Current tax	10A	996.87	572.79	298.34
Deferred tax	10B	172.02	(36.75)	(75.81)
Total tax expense		**1,168.89**	**536.04**	**222.53**
Net profit for the year		**3,424.03**	**1,577.11**	**632.07**
Other comprehensive income				
(A) Items that will not be reclassified to profit or loss				
(i) Re-measurement gains/(losses) on defined benefit plans		(1.80)	2.38	1.65
(ii) Income tax on above		0.45	(0.60)	(0.42)
Subtotal (A)		**(1.35)**	**1.78**	**1.23**
(B) Items that will be reclassified to profit or loss				
(i) Exchange differences on translating the financial statements of a foreign operation		3.53	-	-
(ii) Net movement on Effective portion of Cash Flow Hedges		(132.62)	28.41	13.89
(iii) Income tax on (ii) above		33.38	(7.15)	(3.50)
Subtotal (B)		**(95.71)**	**21.26**	**10.39**
Total other comprehensive income/ (loss) (A+B)		**(97.06)**	**23.04**	**11.62**
Total comprehensive income		**3,326.97**	**1,600.15**	**643.69**
Earnings per equity share	29			
(Face value of Rs. 5/- each)				
Basic (Rs.)		15.40	8.66	3.83
Diluted (Rs.)		15.05	8.50	3.78

AVANSE FINANCIAL SERVICES LIMITED
Annexure II- Restated Summary Statement of Profit and Loss (including other comprehensive income)
(All amounts in INR million, unless otherwise stated)

The above Restated Summary Statement of Profit and Loss (including other comprehensive income) to be read in conjunction with the Statement of material accounting policies and explanatory notes appearing in Annexure V and Statement of material adjustments and regroupings - Annexure VI.

This is the Restated Summary Statement of Profit and Loss (including other comprehensive income) referred to in our report of even date.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

For and on behalf of the Board of Directors of
Avanse Financial Services Limited

Shrawan Jalan
Partner

Membership No. 102102
Place : Mumbai
Date : May 27, 2024

Ravi Venkatraman
Director

DIN - 00307328
Place : Mumbai

Amit Gainda
Managing Director & Chief Executive Officer
DIN - 09494847
Place : Mumbai

Vikrant Gandhi
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 27, 2024

AVANSE FINANCIAL SERVICES LIMITED
Annexure III- Restated Summary Statement of Cash Flows
(All amounts in INR million, unless otherwise stated)

Particulars	For the year ended March 31, 2024 (Consolidated)	For the year ended March 31, 2023 (Consolidated)	For the year ended March 31, 2022 (Standalone)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Restated profit before tax	4,592.92	2,113.15	854.60
Adjustment for:			
Interest income on loans	(13,864.33)	(8,554.85)	(4,617.46)
Depreciation and amortisation expenses	206.06	133.01	128.77
Net gain on fair value changes	(132.49)	(66.03)	(39.41)
Interest expense on borrowings	8,695.31	4,826.47	2,466.80
Interest on fixed deposits	(450.93)	(353.61)	(147.01)
Interest Income from Treasury bills	(122.02)	(22.36)	(0.03)
Provision for impairment on financial instruments	332.12	183.81	146.54
Bad debts written off	463.80	282.08	44.28
Employee share based payment expenses	74.79	49.02	36.92
Finance cost on lease liability	8.09	5.72	8.95
(Profit)/Loss on sale of property, plant and equipments	(0.02)	(1.04)	-
Cash used in operation before working capital changes and adjustment for interest received and paid	**(196.70)**	**(1,404.63)**	**(1,117.05)**
Operational cash flows from interest			
Interest received on loans	5,711.06	5,254.27	3,614.83
Interest paid on borrowings	(8,024.42)	(4,184.69)	(2,485.10)
Cash (used in)/generated from operation before working capital changes	**(2,510.06)**	**(335.05)**	**12.68**
Working capital changes			
Adjustment for:			
(Increase)/Decrease in loans	(32,898.61)	(33,740.14)	(17,039.59)
(Increase)/Decrease in other non-financial assets	(75.46)	25.63	(38.78)
(Increase)/Decrease in financial assets	448.84	(559.92)	(0.04)
(Increase)/Decrease in trade receivables	(8.64)	(56.38)	(0.97)
(Decrease)/Increase in financial liabilities	774.85	(139.56)	2,298.51
(Decrease)/Increase in trade payables	203.70	205.72	166.23
(Decrease)/Increase in non financial liabilities	84.67	30.14	22.74
(Decrease)/Increase in Provisions	14.78	8.59	4.74
Cash (used in) operations	**(33,965.93)**	**(34,560.97)**	**(14,574.48)**
Direct taxes paid (net)	(984.26)	(764.23)	(330.34)
Net cash (used in) operating activities	**(34,950.19)**	**(35,325.20)**	**(14,904.82)**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Investments in mutual fund units at FVTPL	(95,795.21)	(41,348.55)	(23,748.86)
Sale of mutual fund units at FVTPL	95,927.70	41,414.58	24,338.51
Investments in Treasury Bills at amortised cost	(14,215.27)	(1,374.46)	(127.35)
Redemption of Treasury Bills	12,550.00	880.00	-
Interest received on fixed deposits	451.77	353.60	147.01
Purchase of property, plant & equipment and intangible assets	(481.84)	(197.68)	(92.69)
Sale of property, plant & equipment	0.57	7.35	-
Fixed deposit not considered as cash and cash equivalents (net)	1,132.11	(106.53)	(144.10)
Net cash (used in)/generated from investment activities	**(430.17)**	**(371.69)**	**372.52**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity share (including securities premium)	11,891.77	9,751.41	-
Debt securities & subordinated liabilities issued	11,800.00	22,760.02	8,600.00
Debt securities & subordinated liabilities repaid	(10,700.00)	(6,550.00)	(6,000.00)
Borrowings (other than debt securities) taken	41,849.88	21,690.39	17,696.53
Borrowings (other than debt securities) repaid	(14,425.60)	(7,101.21)	(3,664.74)
Proceeds from short-term borrowings (net)	162.87	(200.00)	1.19
Payment towards lease liability	(61.73)	(35.62)	(35.69)
Net cash generated from financing activities	**40,517.19**	**40,314.99**	**16,597.29**

AVANSE FINANCIAL SERVICES LIMITED
Annexure III- Restated Summary Statement of Cash Flows
(All amounts in INR million, unless otherwise stated)

Particulars	**For the year ended March 31, 2024 (Consolidated)**	**For the year ended March 31, 2023 (Consolidated)**	**For the year ended March 31, 2022 (Standalone)**
Net Increase/(decrease) in Cash and cash equivalents (A+B+C)	5,136.83	4,618.10	2,064.99
Cash and cash equivalents at the beginning of the year	7,870.77	3,252.67	1,187.68
Cash and cash equivalents at the end of the year	**13,007.60**	**7,870.77**	**3,252.67**
Cash and cash equivalents at the end of the year comprises of: (refer Note No. 4)			
Cash in hand	0.24	0.10	0.08
Balance with banks			
- In Current accounts	3,462.99	1,238.88	1,001.91
- In fixed deposit (with original maturity of 3 months or less)	9,543.84	6,631.79	2,250.68
Cheques on hand	0.53	-	-
Total	**13,007.60**	**7,870.77**	**3,252.67**

Notes:

1. Receipts and payments for transaction in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows.
2. Cash flow statement has been prepared under indirect method as set out in Ind AS 7 prescribed under the Companies (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013.
3. For disclosure relating to changes in liabilities arising from financing activities refer note 33.

The above Restated Summary Statement of Cash Flows to be read in conjunction with the Statement of material accounting policies and explanatory notes appearing in Annexure V and Statement of material adjustments and regroupings - Annexure VI.

This is the Restated Summary Statement of Cash Flows referred to in our report of even date.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

For and on behalf of the Board of Directors of
Avanse Financial Services Limited

Shrawan Jalan
Partner

Membership No. 102102
Place : Mumbai
Date : May 27, 2024

Ravi Venkatraman
Director

DIN - 00307328
Place : Mumbai

Amit Gainda
Managing Director & Chief Executive Officer
DIN - 09494847
Place : Mumbai

Vikrant Gandhi
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 27, 2024

AVANSE FINANCIAL SERVICES LIMITED
Annexure IV - Restated Summary Statement of Changes in Equity
(All amounts in INR million, unless otherwise stated)

A. EQUITY SHARE CAPITAL

For the year ended March 31, 2022 (Standalone)

Particulars	Balance as at April 1, 2021	Changes in equity share capital due to prior period error	Restated balance at the beginning of the current year	Changes in equity share capital during the year*	Balance as at March 31, 2022
Equity Share Capital	825.92	-	-	-	825.92

For the year ended March 31, 2023 (Consolidated)

Particulars	Balance as at April 1, 2022	Changes in equity share capital due to prior period error	Restated balance at the beginning of the current year	Changes in equity share capital during the year*	Balance as at March 31, 2023
Equity Share Capital	825.92	-	-	240.46	1,066.38

For the year ended March 31, 2024 (Consolidated)

Particulars	Balance as at April 1, 2023	Changes in equity share capital due to prior period error	Restated balance at the beginning of the current year	Changes in equity share capital during the year*	Balance as at March 31, 2024
Equity Share Capital	1,066.38	-	-	192.74	1,259.12

*refer note no. 20

B. OTHER EQUITY

For the year ended March 31, 2022 (Standalone)

	Reserves and Surplus					Other Comprehensive Income		
	Securities Premium	Retained Earnings	General Reserve	Stock Options Reserve	Statutory Reserve	Cash Flow Hedge Reserve	Exchange differences on translating the financial statements of a foreign operation	Total
Balance as at April 1, 2021	**7,592.33**	**746.91**	**0.01**	**48.50**	**210.43**	**(8.07)**	**-**	**8,590.11**
Profit / (loss) for the year	-	632.07	-	-	-	-	-	632.07
Other Comprehensive Income / (loss)	-	1.23	-	-	-	10.39	-	11.62
Total Comprehensive Income for the year	**-**	**633.30**	**-**	**-**	**-**	**10.39**	**-**	**643.69**
Transfers to Statutory reserves as per Section 45-IC of the RBI Act, 1934	-	(126.41)	-	-	126.41	-	-	-
Charge/Transfer for the year in respect of Stock Options	-	-	-	36.92	-	-	-	36.92
Securities premium on shares alloted during the year	-	-	-	-	-	-	-	-
Share issuance expenses	-	-	-	-	-	-	-	-
Securities premium on conversion of compulsary convertible preference shares to equity	-	-	-	-	-	-	-	-
Effective portion of cash flow hedge reserve reclassified to profit and loss	-	-	-	-	-	-	-	-
Transfer on allotment of shares to employees pursuant to ESOP scheme	-	-	-	-	-	-	-	-
Balance as at March 31, 2022	**7,592.33**	**1,253.80**	**0.01**	**85.42**	**336.84**	**2.32**	**-**	**9,270.72**

AVANSE FINANCIAL SERVICES LIMITED
Annexure IV - Restated Summary Statement of Changes in Equity
(All amounts in INR million, unless otherwise stated)

For the year ended March 31, 2023 (Consolidated)

	Reserves and Surplus					Other Comprehensive Income		
	Securities Premium	Retained Earnings	General Reserve	Stock Options Reserve	Statutory Reserve	Cash Flow Hedge Reserve	Exchange differences on translating the financial statements of a foreign operation	Total
Balance as at April 1, 2022	**7,592.33**	**1,253.80**	**0.01**	**85.42**	**336.84**	**2.32**	**-**	**9,270.72**
Profit / (loss) for the year	-	1,577.11	-	-	-	-	-	1,577.11
Other Comprehensive Income / (loss)	-	1.78	-	-	-	21.26	-	23.04
Total Comprehensive Income for the year	**-**	**1,578.89**	**-**	**-**	**-**	**21.26**	**-**	**1,600.15**
Transfers to Statutory reserves as per Section 45-IC of the RBI Act, 1934	-	(315.47)	-	-	315.47	-	-	-
Charge/Transfer for the year in respect of Stock Options	-	-	3.86	45.16	-	-	-	49.02
Securities premium on shares alloted during the year	5,876.54	-	-	-	-	-	-	5,876.54
Share issuance expenses	(148.30)	-	-	-	-	-	-	(148.30)
Securities premium on conversion of compulsary convertible preference shares to equity	3,782.71	-	-	-	-	-	-	3,782.71
Effective portion of cash flow hedge reserve reclassified to profit and loss	-	-	-	-	-	-	-	-
Transfer on allotment of shares to employees pursuant to ESOP scheme	-	-	-	-	-	-	-	-
Balance as at March 31, 2023	**17,103.28**	**2,517.22**	**3.87**	**130.58**	**652.31**	**23.58**	**-**	**20,430.84**

For the year ended March 31, 2024 (Consolidated)

	Reserves and Surplus					Other Comprehensive Income		
	Securities Premium	Retained Earnings	General Reserve	Stock Options Reserve	Statutory Reserve	Cash Flow Hedge Reserve	Exchange differences on translating the financial statements of a foreign operation	Total
Balance as at April 1, 2023	**17,103.28**	**2,517.22**	**3.87**	**130.58**	**652.31**	**23.58**	**-**	**20,430.84**
Profit / (loss) for the year	-	3,424.03	-	-	-	-	-	3,424.03
Other Comprehensive Income / (loss)	-	(1.35)	-	-	-	(99.24)	3.53	(97.06)
Total Comprehensive Income for the year	**-**	**3,422.68**	**-**	**-**	**-**	**(99.24)**	**3.53**	**3,326.97**
Transfers to Statutory reserves as per Section 45-IC of the RBI Act, 1934	-	(685.14)	-	-	685.14	-	-	-
Charge/Transfer for the year in respect of Stock Options	-	-	-	74.79	-	-	-	74.79
Securities premium on shares alloted during the year	11,881.07	-	-	-	-	-	-	11,881.07
Share issuance expenses	(182.04)	-	-	-	-	-	-	(182.04)
Securities premium on conversion of compulsary convertible preference shares to equity	-	-	-	-	-	-	-	-
Effective portion of cash flow hedge reserve reclassified to profit and loss	-	-	-	-	-	(23.58)	-	(23.58)
Transfer on allotment of shares to employees pursuant to ESOP scheme	14.08	-	0.87	(14.95)	-	-	-	-
Balance as at March 31, 2024	**28,816.39**	**5,254.76**	**4.74**	**190.42**	**1,337.45**	**(99.24)**	**3.53**	**35,508.05**

AVANSE FINANCIAL SERVICES LIMITED
Annexure IV - Restated Summary Statement of Changes in Equity
(All amounts in INR million, unless otherwise stated)

The above Restated Summary Statement of Changes in Equity to be read in conjunction with the Statement of material accounting policies and explanatory notes appearing in Annexure V and Statement of material adjustments and regroupings - Annexure VI.

This is the Restated Summary Statement of Changes in Equity referred to in our report of even date.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

Shrawan Jalan
Partner
Membership No. 102102
Place : Mumbai
Date : May 27, 2024

For and on behalf of the Board of Directors of
Avanse Financial Services Limited

Ravi Venkatraman
Director
DIN - 00307328
Place : Mumbai

Amit Gainda
Managing Director & Chief Executive Officer
DIN - 09494847
Place : Mumbai

Vikrant Gandhi
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 27, 2024

1. Corporate Information

Avanse Financial Services Limited (the 'Company') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is a non-banking financial company registered with the Reserve Bank of India ('RBI') and is primarily engaged in the business of financing education loans to students and education infrastructure loans to institutions. The Company is registered with Ministry of Corporate Affairs (Corporate Identity Number (CIN) U67120MH1992PLC068060). The non-convertible debentures of the Company are listed on BSE Limited.

The details of registration with RBI are as follows:
Registration number: B-13.01704
Category: Systematically Important Non-deposit taking Non-Banking Financial Company (NBFC NDSI)
Classification: Investment and Credit Company (ICC)
Layer: Middle Layer (NBFC-ML)

The registered office of the Company has changed with effect from April 15, 2024 to E-Wing, 4th Floor, Times Square, Andheri - Kurla Rd, Gamdevi, Marol, Andheri East, Mumbai, Maharashtra 400059. Till April 14, 2024 the registered office of the Company was 001 & 002 Fulcrum, A Wing, Ground Floor, Sahar Road, Next to Hyatt Regency, Andheri (East), Mumbai – 400 099.

The Company together with its subsidiary is herein after referred to as the 'Group'.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The Restated Consolidated Summary Statements comprises of the Restated Consolidated Summary Statement of Assets and Liabilities as at March 31, 2024 and March 31, 2023, the Restated Consolidated Summary Statement of Profit and Loss (including Other Comprehensive Income/(Loss)), Restated Consolidated Summary Statement of Changes in Equity and the Restated Consolidated Summary Statement of Cash Flows for the years ended March 31, 2024 and March 31, 2023 and the statement of material accounting policies and explanatory notes (together referred to as "Restated Consolidated Summary Statements").

The Restated Standalone Summary Statements comprises of the Restated Standalone Summary Statement of Assets and Liabilities as at March 31, 2022, Restated Standalone Summary Statement of Profit and Loss (including Other Comprehensive Income/(Loss)), Restated Standalone Summary Statement of Changes in Equity and the Restated Standalone Summary Statement of Cash Flows for the year ended March 31, 2022 and the statement of material accounting policies and explanatory notes (together referred to as "Restated Standalone Summary Statements").

The Company did not have any subsidiaries, associates and joint ventures for the year ended March 31, 2022, and accordingly the Restated Standalone Summary Statements for the year ended March 31, 2022 represents the restated Standalone Financial Information. Restated Consolidated Summary Statements and Restated Standalone Summary Statements are collectively referred to as the "Restated Summary Statements".

The Restated Summary Statements have been prepared specifically for inclusion in the draft red herring prospectus to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with proposed Initial Public Offering of equity shares of face value of Rs. 5 each of the Company comprising a fresh issue of equity shares and an offer of sale of equity shares held by the selling shareholders (Collectively the 'Offering' or 'IPO').

These Restated Summary Statements have been approved by the Board of Directors on May 27, 2024 and is prepared by the management of the Group to comply in all material respects with 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, ("the SEBI ICDR Regulations") issued by the Securities and Exchange Board of India ('SEBI') on September 11, 2018 as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992; and

(iii) Guidance note on Reports in Company Prospectuses (Revised 2019) ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI").

These Restated Summary Statements have been prepared by the management from:

Audited Consolidated Financial Statements of the the Group as at and for the years ended March 31, 2024, March 31, 2023 and Audited Standalone Financial Statements as at and for the year ended March 31, 2022, which were prepared in accordance with the Indian Accounting Standard (referred to as "IND AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time and other accounting principles generally accepted in India (referred to as"Ind AS") and presentation requirements of Division III of Schedule III of Companies Act, 2013, which have been approved by the Board of Directors at their meeting held April 30, 2024, May 5, 2023 and May 5, 2022 respectively.

The underlying audited consolidated financial statements as at and for the for the years ended March 31, 2024, March 31, 2023 and the underlying audited standalone financial statements as at and for the year ended March 31, 2022 mentioned above, are collectively referred as "Statutory Financial Statements".

The accounting policies have been consistently applied by the Group in preparation of the Restated Summary Statements to all the years presented and are consistent with those adopted in the preparation of consolidated financial statements for the year ended March 31, 2024, unless otherwise stated. Such audited consolidated financial statements were prepared on a going concern basis.

Functional and presentation currency
The Restated Summary Statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Group's functional currency. All amounts are rounded-off to the nearest million, unless indicated otherwise.

Historical cost convention
The Restated Summary Statements have been prepared 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.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at March 31, 2024. Control is achieved when the Group 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. Specifically, the Group controls an investee if and only if the Group has:

• Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

• Exposure, or rights, to variable returns from its involvement with the investee, and
• The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

• The contractual arrangement with the other vote holders of the investee
• Rights arising from other contractual arrangements
• The Group's voting rights and potential voting rights

• The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:
a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Valuation governance framework

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Restated Summary Statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value in use in Ind AS 36.

Valuation principles

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at measurement date

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

Maintenance of Books of Accounts

The Group has complied with the Rule 3 of Companies (Accounts) Rules, 2014 amended on August 5, 2022 relating to maintenance of electronic books of account and other relevant books and papers. The Group's books of account and relevant books and papers are accessible in India at all times and backup of accounts and other relevant books and papers are maintained in electronic mode within India and kept in servers physically located in India on daily basis.

With respect to maintenance of audit trail in respect of accounting software used by the Group pursuant to the requirements of the Companies (Accounts) Rules, 2014, refer note 42.

2.2 (a) Property, plant and equipment and Intangible Assets

i. Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes professional fees related to the acquisition of PPE if it meets the cost criteria which is directly attributable to the the asset aquired.

Depreciation / amortization is recognised on a straight-line basis over the estimated useful lives of respective assets as under. Leasehold improvement is depreciated on SLM over the lease term subject to a maximum of 60 months.

Category of Assets	Useful Life
Furniture & Fixtures	6 years
Computer Hardware	3 years
Vehicle	4 years
Office Equipment	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

ii. Intangible assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Intangible assets are amortised on straight line basis over the estimated useful life of 3 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.2 (b) Impairment on non-financial assets

As at the end of each year, the Group reviews the carrying amount of its non financial assets to determine whether there is any indication that these assets have suffered an impairment loss.

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the assets' net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the Restated Summary Statement of Profit and Loss (including other comprehensive income).

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.3 Revenue Recognition

a. Interest Income

The Group recognises interest income using effective interest rate method (EIR) on all financial assets subsequently measured under amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset and it represents a rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets, the Group recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation basis.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL (fair value through profit or loss), transaction costs are recognised in profit or loss at initial recognition.

b. Fees and Commission Income

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation.

Revenue from contract with customer

Revenue is measured at transaction price i.e. the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behlaf of third parties. The Group considers the terms of the contracts and its customary business practices to determine the transaction price. Where the consideration promised is variable, the Group excludes the estimates of variable consideration that are constrained. The Group applies the five-step approach for recognition of revenue:

i. Identification of contract(s) with customers;
ii. Identification of the separate performance obligations in the contract;
iii. Determination of transaction price;
iv. Allocation of transaction price to the separate performance obligatios; and
v. Recognition of revenue when (or as) each performance obligation is satisfied.

Fee and commission income include fees other than those that are an integral part of EIR. The fee & commission included in this part of the Restated Summary Statement of Profit and Loss (including other comprehensive income) include among other things fees charged for servicing a loan, commission on forex and insurance commission.

Fee and Commission Income are recognised after the performance obligation in the contract is fulfilled and commission income such as insurance commission and fee income, etc. are recognised on point in time or over the period basis, as applicable.

c. Investment Income
The gains/ losses on sale of investments are recognised in the Restated Summary Statement of Profit and Loss (including other comprehensive income) on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.

d. Income from direct assignment
Gains arising out of direct assignment transactions comprise of the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS is based on the scheduled behavioral cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee and recorded upfront (net off of servicing cost) in the Restated Summary Statement of Profit and Loss (including other comprehensive income). EIS is evaluated and adjusted for ECL and expected prepayment.

2.4 Leases

The Group evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Group as a lessee
The Group assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves–

a) the use of an identified asset,
b) the right to obtain substantially all the economic benefits from use of the identified asset, and
c) the right to direct the use of the identified asset.

The Group at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and a corresponding lease liability, for all lease arrangements in which it is a lessee, except for leases with term of less than twelve months (short term) and low-value assets.

Certain lease arrangements includes the option to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. 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 assets.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

For lease liabilities at inception, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Group recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the re-measurement in the Restated Summary Statement of Profit and Loss (including other comprehensive income).

For short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

2.5 Borrowing costs

Interest expenses is calculated using effective interest rate ('EIR') and calculation of the EIR includes all fees paid that are incremental and directly attributable to the issue of a financial liability. EIR is calculated by considering all costs attributable to acquisition of a financial liability and it represents a rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability.

All other borrowing costs which are not incremental and not directly attributable to the issue of a financial liability are recognised in the Restated Summary Statement of Profit and Loss (including other comprehensive income) in the period in which they are incurred.

2.6 Employee Benefits

Share-based payment Arrangements
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 Option holders 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. 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 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. On cancellation or lapse of option granted to employees, the compensation cost charged to Restated Summary Statement of Profit and Loss (including other comprehensive income) is credited with corresponding decrease in equity.

Defined Contribution Plan
Payments to defined contribution plans are recognised as expense in the Restated Summary Statement of Profit and Loss (including other comprehensive income) of the year when employees have rendered service entitling them to the contributions. The Group pays provident fund contributions to publicly administered provident funds as per local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that cash refund or a reduction in the future payment is available.

The Group's contribution paid/ payable during the year to National Pension Scheme is recognised in the Restated Summary Statement of Profit and Loss (including other comprehensive income).

Defined Benefit Obligation
The Group's Gratuity liability under the Payment of Gratuity Act,1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.
The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in the Restated Summary Statement of Profit and Loss (including other comprehensive income).

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the Restated Summary Statement of Profit and Loss (including other comprehensive income). The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided at the undiscounted amount of the benefits expected to be paid in exchange for that service. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

2.7 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the Restated Summary Statement of Profit and Loss (including other comprehensive income), except when they relate to items that are recognised in other comprehensive income ('OCI') or directly in equity, in which case, the current and deferred tax are also recognised in OCI or directly in equity respectively.

Current Tax

The tax currently payable is based on the taxable profit for the year of the Group. Taxable profit differs from 'profit before tax' as reported in the Restated Summary Statement of Profit and Loss (including other comprehensive income) because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in other equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.8 Goods and Service Tax Input Credit

Goods and Services tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits.

2.9 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

i. an entity has a present obligation (legal or constructive) as a result of a past event; and

ii. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

iii. a reliable estimate can be made of the amount of the obligation

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Further, long term provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Contingent liability is disclosed in case of:

i. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

ii. a present obligation arising from past events, when no reliable estimate is possible.

2.10 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. uncalled liability on shares and other investments partly paid and

iii. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

2.11 Cash and Cash equivalents

Cash and cash equivalents includes cash at banks and on hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the Restated Summary Statement of Assets and Liabilities.

2.12 Financial Instruments

Recognition of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets and liabilities are recognized when the Group becomes the party to the contractual provisions of the instruments. Financial assets primarily comprise of loans and advances and other deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings and trade payables.

Initial Measurement of Financial Instruments

The financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. However, trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);

• In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to the Restated Summary Statement of Profit and Loss (including other comprehensive income) on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Cash Flow Hedge

The Group designates certain foreign exchange currency swap contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on external commercial borrowings.When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the Restated Summary Statement of Profit and Loss (including other comprehensive income). If the hedging instrument no longer meets the criteria for hedge accounting, it is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period of the hedge was effective, remains in cash flow hedge reserve until the ECB is derecognised. The cumulative gain or loss previoulsy recognised in the cash flow hedge reserve is transferred to the net profit in the Restated Summary Statement of Profit and Loss (including other comprehensive income) upon the derecognition of the hedged item.

2.13 Financial Assets

Subsequent Measurement of Financial Assets:

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Classification of Financial Assets:

• Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;

• All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Group may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

• The Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and

• The Group may irrevocably designate a debt instrument that meets the amortised cost or FVOCI criteria, as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

A financial asset is held for trading if:

• It has been acquired principally for the purpose of selling it in the near term; or

• On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

• It is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Debt instruments at amortised cost or at FVOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the individual asset basis and the Group’s business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVOCI, its contractual terms should give rise to cash flows that are meeting 'solely payments of principal and interest' ('SPPI') test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how financial assets are managed at individual basis and collectively to achieve a particular business objective.

When a debt instrument measured at FVOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVOCI are subject to impairment.

Financial assets at fair value through profit or loss (FVTPL)
Debt instruments that do not meet the amortised cost criteria or FVOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Reclassifications
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.

During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

De-recognition of financial assets
A financial asset (or, where applicable, a part of a financial asset) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Group also de-recognises the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition. The Group has transferred the financial asset if, and only if, either: - It has transferred its contractual rights to receive cash flows from the financial asset Or - It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement. Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

1. The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.

2.The Group cannot sell or pledge the original asset other than as security to the eventual recipients.

3. The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients. A transfer only qualifies for de-recognition if either: - The Group has transferred substantially all the risks and rewards of the asset or 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. On derecognition of a financial asset in its entirety, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Restated Summary Statement of Profit and Loss (including other comprehensive income).

Impairment of financial assets

Overview of the Expected Credit Loss (ECL) principle

The Group records allowance for ECL for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts (in this section all referred to as 'financial instruments'). Equity instruments are not subject to impairment under Ind AS 109.

ECL are a probability-weighted estimate of the present value of credit losses. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original EIR (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. 12-month ECL are portion of the life-time ECL and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

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.

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1 - Assets upto 30 days of principal / interest overdue.

- Stage 2 - (a) Assets with principal / interest past due between 31 to 90 days (b) Assets where the contractual terms of the loans were renegotiated/modified as per the RBI circular on resolution framework for Covid-19 related stress dated August 6, 2020 and May 5, 2021 and which are not classified as Stage 3 (c) Assets where credit risk has increased significantly basis qualitative assessment of the borrower.
- Stage 3 - (a) Non-performing assets (credit impaired assets) with principal /interest past due more than 90 days (b) cases where frauds have been identified (c) Loan accounts where principal and/or interest were past due for more than 90 days along with all other loans of such customer, continue to be classified as stage 3, till overdue across all loan accounts are cleared.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 and loans under short term financing, the Group always measures the loss allowance at an amount equal to lifetime ECL. Further, for the purpose of measuring lifetime ECL allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109.

This ECL allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVOCI except that the loss allowance is recognised in OCI and is not reduced from the carrying amount in the Restated Summary Statement of Assets and Liabilities.

The Financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Significant Increase in Credit Risk:
Accounts which are in 31 - 90 days overdue bucket will be considered as accounts where there has been a significant increase in credit risk (SICR) since initial recognition but are not credit-impaired.
This definition of staging is subject to SICR criteria developed, in which case the accounts which meet the SICR criteria will be classified as Stage II even though they have not breached the backstop indicator conditions (i.e. 0-30 overdue).

A. Restructured Asset (COVID-19 Restructuring): The Group has reclassified covid restructured loans under OTR 1.0 and 2.0 by downgrading loans in 0-30 days overdue to “Stage II”, as a conservative approach for ECL provisioning. Loans which are already in Stage II are not further reclassified.

B. Restructured Asset other than COVID-19 Restructuring: If any case is classified as restructured other than covid restructuring, then the account will be downgraded to Stage III.

Write-off
Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is 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 subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group’s enforcement activities will result in impairment reversals.

2.14 Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities
A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group’s own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of our equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group’s own equity instruments.

Transaction costs incurred in relation to an equity transaction are deducted from equity, net of associated income tax, if any.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the EIR method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The EIR method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.15 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting 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.

For calculating weighted average number of shares for the purpose of basic earnings per share and diluted earnings per share pursuant to share split, refer note 29

3. Critical accounting judgements and key sources of estimation uncertainties

3.1 Preparation of Restated Summary Statements

The preparation of the Restated Summary Statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Restated Summary statements are prudent and reasonable.

Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise. Accounting estimates and judgements are used in various line items in the Restated Summary Statements for e.g.:

- Business model assessment [Refer note no. 2.13 and 7]
- Fair value of financial instruments (Refer note no. 40.2)
- Impairment of financial assets [Refer note no. 2.13, 7 and 40.4(i)]
- Provisions and contingent liabilities (Refer note no. 2.9 and 30)
- Provision for tax expenses (Refer note no. 2.7 and 10)

3.2 Accounting Standards (Amendment to Ind AS)

The Ministry of Corporate Affairs has notifed the Companies (Indian Accounting Standards) Amendment Rule, 2023 dated March 31, 2023 to amend the following Ind AS which are effective for annual periods beginning on or after April 1, 2023. The Group applied for these first time amendments.

3.2.1 Definition of accounting estimates - Amendment to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact the Restated Summary Statements.

3.2.2 Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendment aims to replace the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and guidance on how entities apply the concept of materiality.
This had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's Restated Summary Statements.

3.2.3 Deferred Tax related to assets and liabilities arising from a single transaction- amendment to Ind AS 12

The amendment narrows the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The Group previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Group has recognised a seperate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right of use assets. Since these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12, there is no impact in the Restated Summary Statement of Assets and Liabilities. There is also no impact on the opening retained earnings as at April 1, 2022.

There are no standards that are notified and not yet effective as on the date of approval of consolidated financial statements for the year ended March 31, 2024.

AVANSE FINANCIAL SERVICES LIMITED
Annexure V- Statement of material accounting policies and explanatory notes
(All amounts in INR million, unless otherwise stated)

4. Cash and Cash Equivalents

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Cash on hand	0.24	0.10	0.08
Balances with banks:			
- In Current Accounts	3,462.99	1,238.88	1,001.91
- In Fixed Deposit (with original maturity of 3 months or less)	9,543.84	6,631.79	2,250.68
Cheques on hand	0.53	-	-
Total	**13,007.60**	**7,870.77**	**3,252.67**

5. Other bank balances

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Fixed deposits (with original maturity more than 3 months)			
Encumbered (refer note 5.1)	263.08	327.87	269.46
Unencumbered	2,032.99	3,100.31	3,052.19
Total	**2,296.07**	**3,428.18**	**3,321.65**

5.1 Encumbrances on Fixed deposits held by the Company

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Fixed Deposits pledged for:			
Availing credit enhancement towards securitisation transactions			
DCB Bank	95.14	167.28	161.09
ICICI Bank	167.83	160.49	108.27
Bank Overdrafts			
Bank of Baroda	0.11	0.10	0.10
Total	**263.08**	**327.87**	**269.46**

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6. Trade Receivables

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Trade Receivables- Unsecured; Considered Good	91.94	83.30	26.92
Trade Receivables- Unsecured; Which has significant increase in credit risk	4.77	4.77	4.77
Total	**96.71**	**88.07**	**31.69**
Impairment Loss Allowance	4.77	4.77	4.77
Net receivables	**91.94**	**83.30**	**26.92**

No trade or other receivable is due from directors or other officer of the Company either severally or jointly with any other person. Nor any trade or other receivable is due from firm or private companies respectively in which any director is a partner or director or a member. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Particulars	Unbilled due	Not due	Outstanding for following periods from due date of payment					Total
As at March 31, 2024(Consolidated)			0- 6 Months	6 months– 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	58.37	31.94	1.61	0.02	-	-	-	**91.94**
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-	**-**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	4.77	**4.77**
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-	**-**
Disputed Trade receivable – credit impaired	-	-	-	-	-	-	-	**-**
Total	**58.37**	**31.94**	**1.61**	**0.02**	**-**	**-**	**4.77**	**96.71**

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Particulars	Unbilled due	Not due	Outstanding for following periods from due date of payment					Total
As at March 31, 2023(Consolidated)			0- 6 Months	6 months– 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	28.90	53.41	0.97	-	0.02	-	-	**83.30**
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-	**-**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	0.94	3.83	**4.77**
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-	**-**
Disputed Trade receivable – credit impaired	-	-	-	-	-	-	-	**-**
Total	**28.90**	**53.41**	**0.97**	**-**	**0.02**	**0.94**	**3.83**	**88.07**

Particulars	Unbilled due	Not due	Outstanding for following periods from due date of payment					Total
As at March 31, 2022(Standalone)			0- 6 Months	6 months– 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	13.84	0.57	12.51	-	-	-	-	**26.92**
Disputed Trade Receivables – considered good	-	-	-	-	-	-	-	**-**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	1.06	-	3.71	**4.77**
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	**-**
Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-	**-**
Disputed Trade receivable – credit impaired	-	-	-	-	-	-	-	**-**
Total	**13.84**	**0.57**	**12.51**	**-**	**1.06**	**-**	**3.71**	**31.69**

(All amounts in INR million, unless otherwise stated)

7. Loans

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
At amortised cost			
Term loans	125,208.55	84,636.37	47,900.19
Total – Gross (A)	125,208.55	84,636.37	47,900.19
Less: Impairment loss allowance (refer note 26)	1,240.35	924.13	740.32
Total – Net (A)	**123,968.20**	**83,712.24**	**47,159.87**
(a) Secured by tangible assets	24,393.51	18,214.88	15,495.17
(b) Secured by accounts receivables, fixed deposits, Insurance policy, government guarantee etc.*	7,867.07	5,142.85	2,805.02
(c) Unsecured	92,947.97	61,278.64	29,600.00
Total – Gross (B)	125,208.55	84,636.37	47,900.19
Less: Impairment loss allowance	1,240.35	924.13	740.32
Total – Net (B)	**123,968.20**	**83,712.24**	**47,159.87**
(I) Loans in India			
Public Sector	-	-	-
Others	125,208.55	84,636.37	47,900.19
Total - Gross (C) (I)	125,208.55	84,636.37	47,900.19
Less: Impairment loss allowance	1,240.35	924.13	740.32
Total - Net (C) (I)	**123,968.20**	**83,712.24**	**47,159.87**
(II) Loans outside India	**-**	**-**	**-**
Total (C) (I + II)	**123,968.20**	**83,712.24**	**47,159.87**

* Includes loans temporarily secured by lien over balance in bank accounts of the borrower until their stated utilisation. The total amount of such lien is Rs.7,022.99 million and Rs.3,543.24 million as at March 31, 2024 and March 31, 2023 respectively.

7.1 The business model of the company is to hold the assets for generating contractual cash flows on account of principal and interest and hence these are held at amortised cost. Sales, if any are insignificant and do not impact the business model.

The table below shows the credit quality and the exposure to credit risk based on the year-end stage classification. The amounts presented are gross of impairment allowances.

		As at March 31, 2024 (Consolidated)		
Category	**Assets category**	**Gross Carrying Amount**	**Expected Credit Loss**	**Net Carrying Amount**
Stage 1 – High quality assets	Loan	123,475.99	582.94	122,893.05
Stage 2 – Assets for which there is a significant increase in credit risk including assets restructured under RBI COVID-19 framework	Loan	1,200.21	286.34	913.87
Stage 3 - Credit impaired assets	Loan	532.35	371.07	161.28
Total		**125,208.55**	**1,240.35**	**123,968.20**

		As at March 31, 2023 (Consolidated)		
Category	**Assets category**	**Gross Carrying Amount**	**Expected Credit Loss**	**Net Carrying Amount**
Stage 1 – High quality assets	Loan	82,161.79	184.54	81,977.25
Stage 2 – Assets including restructured assets for which there is significant increase in credit risk	Loan	2,002.46	412.31	1,590.15
Stage 3 - Credit impaired assets	Loan	472.12	327.28	144.84
Total		**84,636.37**	**924.13**	**83,712.24**

(All amounts in INR million, unless otherwise stated)

		As at March 31, 2022 (Standalone)		
Category	**Assets category**	**Gross Carrying Amount**	**Expected Credit Loss**	**Net Carrying Amount**
Stage 1 – High quality assets	Loan	45,281.43	178.27	45,103.16
Stage 2 – Assets including restructured assets for which there is significant increase in credit risk	Loan	1,999.77	194.94	1,804.83
Stage 3 - Credit impaired assets	Loan	618.99	367.11	251.88
Total		**47,900.19**	**740.32**	**47,159.87**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans:

FY 2023-24	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	82,161.79	2,002.46	472.12	**84,636.37**
Transfer during the year				
Transfers to Stage 1	162.11	(146.40)	(15.71)	-
Transfers to Stage 2	(220.70)	244.13	(23.43)	-
Transfers to Stage 3	(282.00)	(277.49)	559.49	-
New credit exposure during the year, net of repayments	41,654.79	(622.49)	(71.30)	**40,961.00**
Amounts written off (net of recovery)	-	-	(388.82)	**(388.82)**
Gross carrying amount closing balance*	**123,475.99**	**1,200.21**	**532.35**	**125,208.55**

*No. of loan accounts with principal and/or interest overdue as at March 31, 2024 is 1,495 (Stage 1), 2,645 (Stage 2) and 1,851 (Stage 3)

FY 2022-23	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	45,281.43	1,999.77	618.99	**47,900.19**
Transfer during the year				
Transfers to Stage 1	100.68	(57.25)	(43.43)	-
Transfers to Stage 2	(287.70)	356.26	(68.56)	-
Transfers to Stage 3	(118.10)	(132.12)	250.22	-
New credit exposure during the year, net of repayments	37,185.48	(164.20)	(3.02)	**37,018.26**
Amounts written off (net of recovery)	-	-	(282.08)	**(282.08)**
Gross carrying amount closing balance*	**82,161.79**	**2,002.46**	**472.12**	**84,636.37**

*No. of loan accounts with principal and/or interest overdue as at March 31, 2023 is 4,251 (Stage 1), 3,540 (Stage 2) and 1,957 (Stage 3)

FY 2021-22	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	28,105.06	1,283.51	513.68	**29,902.25**
Transfer during the year				
Transfers to Stage 1	146.16	(114.43)	(31.73)	-
Transfers to Stage 2	(878.34)	883.63	(5.29)	-
Transfers to Stage 3	(91.25)	(146.57)	237.82	-
New credit exposure during the year, net of repayments	18,009.28	103.50	(70.51)	**18,042.27**
Amounts written off (net of recovery)	(9.48)	(9.87)	(24.98)	**(44.33)**
Gross carrying amount closing balance*	**45,281.43**	**1,999.77**	**618.99**	**47,900.19**

*No. of loan accounts with principal and/or interest overdue as at March 31, 2022 is 4,156 (Stage 1), 2,797 (Stage 2) and 340 (Stage 3)

FY 2023-24	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balances	184.54	412.31	327.28	**924.13**
Transfer during the year				
Transfers to Stage 1	2.36	(2.17)	(0.19)	-
Transfers to Stage 2	(74.78)	83.47	(8.69)	-
Transfers to Stage 3	(82.91)	(84.20)	167.11	-
On new credit exposure (incl. remeasurement) during the year, net of repayments	553.73	(123.07)	274.38	**705.04**
Amounts written off (net of recovery)	-	-	(388.82)	**(388.82)**
ECL allowance - closing balance#	**582.94**	**286.34**	**371.07**	**1,240.35**

(All amounts in INR million, unless otherwise stated)

FY 2022-23	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance - opening balances	178.27	194.94	367.11	**740.32**
Transfer during the year				
Transfers to Stage 1	0.62	(0.45)	(0.17)	**-**
Transfers to Stage 2	(53.30)	66.01	(12.71)	**-**
Transfers to Stage 3	(64.28)	(85.98)	150.26	**-**
On new credit exposure (incl. remeasurement) during the year, net of repayments	123.23	237.79	104.87	**465.89**
Amounts written off (net of recovery)	-	-	(282.08)	**(282.08)**
ECL allowance - closing balance#	**184.54**	**412.31**	**327.28**	**924.13**

FY 2021-22	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance - opening balances	115.56	92.09	386.14	**593.79**
Transfer during the year				
Transfers to Stage 1	29.85	(11.03)	(18.82)	**-**
Transfers to Stage 2	(3.11)	6.25	(3.14)	**-**
Transfers to Stage 3	(0.33)	(14.13)	14.46	**-**
On new credit exposure (incl. remeasurement) during the year, net of repayments	36.34	122.50	8.68	**167.52**
Amounts written off (net of recovery)	(0.04)	(0.74)	(20.21)	**(20.99)**
ECL allowance - closing balance#	**178.27**	**194.94**	**367.11**	**740.32**

The ECL shown above is computed on EAD which comprises of the gross carrying amount adjusted for the following amounts:

Particulars	**As at March 31, 2024 (Consolidated)**	**As at March 31, 2023 (Consolidated)**	**As at March 31, 2022 (Standalone)**
Undisbursed Loan	10,587.10	7,955.46	4,965.59

7.2 There are no loans which are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.

7.3 All the secured non-convertible debentures (NCD) of the Company including those issued during the year ended March 31, 2024, March 31, 2023, and March 31, 2022, term loans from banks and financial institutions, securitisation liabilities, external commercial borrowings (ECB), and cash credit / bank overdraft from banks are fully secured by hypothecation of book debts, loan receivables and fixed deposits.

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8. Investments

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
At amortised cost			
Treasury Bills (refer note 8.1 below)	2,431.46	644.17	127.35
Total- Gross (A)	**2,431.46**	**644.17**	**127.35**
i) Investments in India	2,431.46	644.17	127.35
ii) Investments outside India	-	-	-
Total- Gross (B)	**2,431.46**	**644.17**	**127.35**
Less: Allowance for impairment loss (C)	-	-	-
Total- Net D (A-C)	**2,431.46**	**644.17**	**127.35**

Note 8.1

Name of instrument	As at March 31, 2024 (Consolidated)		As at March 31, 2023 (Consolidated)		As at March 31, 2022 (Standalone)	
	No of units	Amount	No of units	Amount	No of units	Amount
Treasury Bill						
182 DTB 04-04-2024 - 7.09%	1,000,000	99.92	-	-	-	-
182 DTB 04-04-2024 - 7.09%	2,000,000	199.85	-	-	-	-
182 DTB 04-04-2024 - 7.09%	2,000,000	199.85	-	-	-	-
91 DTB 18-04-2024 - 6.96%	2,500,000	249.20	-	-	-	-
182 DTB 25-04-2024 - 7.00%	1,500,000	149.32	-	-	-	-
182 DTB 09-05-2024 - 7.01%	2,500,000	248.23	-	-	-	-
182 DTB 16-05-2024 - 7.03%	2,500,000	247.90	-	-	-	-
91 DTB 16-05-2024 - 7.01%	2,500,000	247.90	-	-	-	-
182 DTB 30-05-2024 - 6.85%	2,500,000	247.28	-	-	-	-
182 DTB 06-06-2024 - 6.92%	2,500,000	246.93	-	-	-	-
182 DTB 13-06-2024 - 6.91%	2,500,000	246.61	-	-	-	-
364 DTB 12-09-2024 - 7.05%	500,000	48.47	-	-	-	-
182 DTB 28-07-2023 - 6.87%	-	-	500,000	48.92	-	-
91 DTB 28-04-2023 - 6.51%	-	-	1,000,000	99.52	-	-
91 DTB 28-04-2023 - 6.60%	-	-	2,000,000	199.03	-	-
91 DTB 04-05-2023 - 6.60%	-	-	1,000,000	99.41	-	-
182 DTB 15-06-2023 - 6.70%	-	-	2,000,000	197.29	-	-
364 DTB 20-10-2022 - 4.21%	-	-	-	-	300,000	29.32
182 DTB 22-09-2022 - 4.21%	-	-	-	-	1,000,000	98.03
Total (B)	**24,500,000**	**2,431.46**	**6,500,000**	**644.17**	**1,300,000**	**127.35**

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9. Others Financial Assets

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Security Deposits	132.35	58.80	33.94
Other advances	12.69	535.06	0.62
Total	**145.04**	**593.86**	**34.56**

*Includes Rs.1.37 million and Rs.535.04 million as at March 31, 2024 and as at March 31, 2023 respectively receivable from third parties upon cancellation of loans.

10(A). Current tax Assets (net)

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Advance tax and tax deducted at source [Net of provision for tax Rs. 2,162.27 million (March 31, 2023: Rs. 1,164.90 million, March 31, 2022: Rs. 116.28 million)]	190.60	195.28	27.67
Total	**190.60**	**195.28**	**27.67**

10(B). Deferred tax Assets (net)

Particulars	Balance as at April 01, 2021 (Standalone)	Charge/(credit) to profit and loss	Charge/(credit) to OCI	Balance as at March 31, 2022 (Standalone)	Charge/(credit) to profit and loss	Charge/(credit) to OCI	Balance as at March 31, 2023 (Consolidated)	Charge/(credit) to profit and loss	Charge/(credit) to OCI	Balance as at March 31, 2024 (Consolidated)
Tax effect of items constituting deferred tax assets:										
- Depreciation and amortisation	7.66	7.86	-	15.52	2.12	-	17.64	3.00	-	20.64
- Provision for gratuity and leave encashment	2.14	(0.59)	(0.42)	1.13	1.24	(0.60)	1.77	5.38	0.45	7.60
- Impairment of Financial instruments	129.91	25.25	-	155.16	52.40	-	207.56	90.75	-	298.31
- Measurement of Financial instruments at amortised cost	-	20.39	-	20.39	(14.41)	-	5.98	(5.98)	-	-
- Cash Flow Hedges Reserve	-	-	-	-	-	-	-	-	33.38	33.38
- Losses to be carry forwarded to future years	-	-	-	-	-	-	-	0.59	-	0.59
Deferred Tax Assets (A)	**139.71**	**52.91**	**(0.42)**	**192.20**	**41.35**	**(0.60)**	**232.95**	**93.74**	**33.83**	**360.52**
Tax effect of items constituting deferred liabilities:										
- Cash Flow Hedges Reserve	(2.72)	-	3.50	0.78	-	7.15	7.93	-	(7.93)	-
- Measurement of Financial instruments at amortised cost	22.90	(22.90)	-	-	-	-	-	265.75	-	265.75
Deferred Tax Liabilities (B)	**20.18**	**(22.90)**	**3.50**	**0.78**	**-**	**7.15**	**7.93**	**265.75**	**(7.93)**	**265.75**
Deferred tax assets/(liabilities) Net (A-B)	**119.53**	**75.81**	**(3.92)**	**191.42**	**41.35**	**(7.75)**	**225.02**	**(172.01)**	**41.76**	**94.77**

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Income tax recognised in Restated Summary Statement of Profit and Loss (including other comprehensive income)

Particulars	**As at March 31, 2024 (Consolidated)**	**As at March 31, 2023 (Consolidated)**	**As at March 31, 2022 (Standalone)**
a) Current Tax:			
In respect of current year	996.87	572.79	298.34
In respect of prior years	-	-	-
	996.87	**572.79**	**298.34**
b) Deferred Tax			
In respect of current year origination and reversal of temporary differences	172.02	(36.75)	(75.81)
In respect of prior years	-	-	-
	172.02	**(36.75)**	**(75.81)**
Total Income tax recognised in Restated Summary Statement of Profit and Loss (including other comprehensive income)	**1,168.89**	**536.04**	**222.53**

Income tax recognised in Other Comprehensive Income

Particulars	**As at March 31, 2024 (Consolidated)**	**As at March 31, 2023 (Consolidated)**	**As at March 31, 2022 (Standalone)**
Deferred tax related to items recognised in Other Comprehensive Income during the year			
Remeasurement of defined employee benefits	0.45	(0.60)	(0.42)
Cash Flow hedge reserve	33.38	(7.15)	(3.50)
Total Income tax recognised in Other Comprehensive Income	**33.83**	**(7.75)**	**(3.92)**

Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Restated Summary Statement of Profit and Loss (including other comprehensive income):

Particulars	**As at March 31, 2024 (Consolidated)**	**As at March 31, 2023 (Consolidated)**	**As at March 31, 2022 (Standalone)**
Profit before tax	4,592.92	2,113.15	854.60
Applicable tax rate (%)	25.168%	25.168%	25.168%
Expected income tax expense	1,155.95	531.84	215.09
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:			
Tax on expenditure not considered for tax provision (net of allowance)	12.94	4.20	7.44
Income tax expense recognised in profit and loss	**1,168.89**	**536.04**	**222.53**
Effective tax rate	**25.45%**	**25.37%**	**26.04%**

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11. Property, Plant and Equipment & Other Intangible Assets:

Description	Gross Block				Accumulated depreciation and impairment losses				Net block
	As at April 01, 2023	Additions for the year	Deletions for the year	As at March 31, 2024	As at April 01, 2023	Charge for the year	Deletions for the year	As at March 31, 2024	As at March 31, 2024 (Consolidated)
Property, Plant and Equipment									
Owned Assets:									
Freehold land #	1.24	-	-	1.24	-	-	-	-	1.24
Leasehold improvements	31.93	20.29	-	52.22	30.04	14.08	-	44.12	8.10
Computers	94.55	33.84	-	128.39	60.68	25.00	-	85.68	42.71
Office Equipment	54.75	6.78	-	61.53	32.32	10.83	-	43.15	18.38
Furniture and fixtures	10.66	0.53	-	11.19	6.95	1.73	-	8.68	2.51
Vehicle	84.10	132.18	0.75	215.53	16.36	39.18	0.18	55.36	160.17
Total	**277.23**	**193.62**	**0.75**	**470.10**	**146.35**	**90.82**	**0.18**	**236.99**	**233.11**
Leased Assets									
Right of use assets - Premises	152.61	459.22	-	611.83	117.75	53.92	-	171.67	440.16
Intangible Assets									
Computer Software	340.69	133.05	-	473.74	277.24	61.32	-	338.56	135.18

Description	Gross Block				Accumulated depreciation and impairment losses				Net block
	As at April 01, 2022	Additions for the year	Deletions for the year	As at March 31, 2023	As at April 01, 2022	Charge for the year	Deletions for the year	As at March 31, 2023	As at March 31, 2023 (Consolidated)
Property, Plant and Equipment									
Owned Assets:									
Freehold land #	1.24	-	-	1.24	-	-	-	-	1.24
Leasehold improvements	29.59	2.34	-	31.93	28.51	1.53	-	30.04	1.89
Computers	62.07	32.48	-	94.55	41.82	18.86	-	60.68	33.87
Office Equipment	41.79	12.96	-	54.75	22.53	9.79	-	32.32	22.43
Furniture and fixtures	10.44	0.22	-	10.66	5.28	1.67	-	6.95	3.71
Vehicle	26.64	66.06	8.60	84.10	7.35	11.30	2.29	16.36	67.74
Total	**171.77**	**114.06**	**8.60**	**277.23**	**105.49**	**43.15**	**2.29**	**146.35**	**130.88**
Leased Assets									
Right of use assets - Premises	138.79	13.82	-	152.61	90.01	27.74	-	117.75	34.86
Intangible Assets									
Computer Software	292.69	48.00	-	340.69	215.12	62.12	-	277.24	63.45

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Description	Gross Block				Accumulated depreciation and impairment losses				Net block
	As at April 01, 2021	Additions for the year	Deletions for the year	As at March 31, 2022	As at April 01, 2021	Charge for the year	Deletions for the year	As at March 31, 2022	As at March 31, 2022 (Standalone)
Property, Plant and Equipment									
Owned Assets:									
Freehold land #	1.24	-	-	1.24	-	-	-	-	1.24
Leasehold improvements	29.59	-	-	29.59	21.05	7.46	-	28.51	1.08
Computers	49.07	13.00	-	62.07	29.97	11.85	-	41.82	20.25
Office Equipment	39.09	2.70	-	41.79	14.74	7.79	-	22.53	19.26
Furniture and fixtures	10.26	0.18	-	10.44	3.61	1.67	-	5.28	5.16
Vehicle	8.10	18.54	-	26.64	2.83	4.52	-	7.35	19.29
Total	**137.35**	**34.42**	**-**	**171.77**	**72.20**	**33.29**	**-**	**105.49**	**66.28**
Leased Assets									
Right of use assets - Premises	138.79	-	-	138.79	61.43	28.58	-	90.01	48.78
Intangible Assets									
Computer Software	236.96	55.73	-	292.69	148.21	66.91	-	215.12	77.57

#The Company had mortgaged one of its freehold land in Chennai on exclusive charge against specific secured NCDs.

Capital work-in-progress aging schedule

Capital work-in-progress	Amount in Capital work-in-progress as at March 31, 2024				As at March 31, 2024 (Consolidated)
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	88.67	-	-	-	**88.67**
Projects temporarily suspended	-	-	-	-	**-**

Capital work-in-progress	Amount in Capital work-in-progress as at March 31, 2023				As at March 31, 2023 (Consolidated)
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	**-**
Projects temporarily suspended	-	-	-	-	**-**

Capital work-in-progress	Amount in Capital work-in-progress as at March 31, 2022				As at March 31, 2022 (Standalone)
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	**-**
Projects temporarily suspended	-	-	-	-	**-**

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Intangible assets under development aging schedule

Intangible assets under development	Amount in Intangible assets under developmement as at March 31, 2024				As at March 31, 2024 (Consolidated)
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	112.02	0.87	-	-	**112.89**
Projects temporarily suspended	-	-	-	-	**-**

Intangible assets under development	Amount in Intangible assets under developmement as at March 31, 2023				As at March 31, 2023 (Consolidated)
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	46.41	-	-	-	**46.41**
Projects temporarily suspended	-	-	-	-	**-**

Intangible assets under development	Amount in Intangible assets under developmement as at March 31, 2022				As at March 31, 2022 (Standalone)
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	10.80	-	-	-	**10.80**
Projects temporarily suspended	-	-	-	-	**-**

Note:
1) The Company does not have any project temporary suspended and intangible asset under development which is overdue or has exceeded its cost compared to its original plan and hence intangible asset under development completion schedule is not applicable.
2) There is no immovable property where title deed of such immovable property is not held in name of the Company or jointly held with others.
3) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets and Intangible assets).

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12. Other Non-Financial Assets

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Prepaid Expenses	51.07	32.92	32.68
Balances with Government Authorities	53.81	48.20	22.54
Compensated absences Fund	-	6.60	2.95
Other Advances	94.46	36.16	91.34
Total	**199.34**	**123.88**	**149.51**

Note: Other advances for FY 2021-22 mainly include receivable from erstwhile Dewan Housing Finance Limited (DHFL) against fixed deposit collaterals maintained by Company's borrowers with DHFL (backed by bank guarantee).

13. Trade Payables

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Trade payables			
- Total outstanding dues of micro and small enterprises	0.85	7.77	3.77
- Total outstanding dues of creditors Other than micro and small enterprises	750.22	539.60	337.88
Total	**751.07**	**547.37**	**341.65**

The amounts due to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006, have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Disclosure pertaining to Micro and Small Enterprises as at March 31, 2024 are as under :

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.85	7.77	3.77
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
(iv) The amount of interest due and payable for the year	-	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-	-
Total	**0.85**	**7.77**	**3.77**

Particulars			Outstanding for following periods from due date of payment				
As at March 31, 2024 (Consolidated)	Unbilled due	Not due	0-1 years	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro and small enterprises	-	-	0.85	-	-	-	0.85
Total outstanding dues of creditors other than micro and small enterprises	724.27	0.62	25.21	0.12	-	-	750.22
Disputed dues of micro and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro and small enterprises	-	-	-	-	-	-	-
Total	**724.27**	**0.62**	**26.06**	**0.12**	**-**	**-**	**751.07**

Particulars			Outstanding for following periods from due date of payment				
As at March 31, 2023 (Consolidated)	Unbilled due	Not due	0-1 years	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro and small enterprises	-	3.26	4.51	-	-	-	7.77
Total outstanding dues of creditors other than micro and small enterprises	478.56	20.62	40.31	0.11	-	-	539.60
Disputed dues of micro and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro and small enterprises	-	-	-	-	-	-	-
Total	**478.56**	**23.88**	**44.82**	**0.11**	**-**	**-**	**547.37**

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Particulars			**Outstanding for following periods from due date of payment**				**Total**
As at March 31, 2022 (Standalone)	**Unbilled due**	**Not due**	**0-1 years**	**1-2 years**	**2-3 years**	**More than 3 years**	
Total outstanding dues of micro and small enterprises	-	-	3.77	-	-	-	3.77
Total outstanding dues of creditors other than micro and small enterprises	212.27	89.70	35.91	-	-	-	337.88
Disputed dues of micro and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro and small enterprises	-	-	-	-	-	-	-
Total	**212.27**	**89.70**	**39.68**	**-**	**-**	**-**	**341.65**

(All amounts in INR million, unless otherwise stated)

14. Debt Securities

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
At Amortised Cost			
Secured			
Non Convertible Debentures (refer note 14.1, 14.2, 14.3 and 14.4)	30,534.36	28,238.75	11,305.10
Unsecured			
Commercial Papers (refer note 14.5)	-	-	247.85
Total	**30,534.36**	**28,238.75**	**11,552.95**
Debt Securities in India	30,534.36	28,238.75	11,552.95
Debt Securities outside India	-	-	-
Total	**30,534.36**	**28,238.75**	**11,552.95**

14.1 All the secured non-convertible debentures (NCD) of the Company including those issued during the year ended March 31, 2024, March 31, 2023, and March 31, 2022, are fully secured by hypothecation of book debts, loan receivables and fixed deposits. Additionally, the Company had mortgaged one of its freehold land in Chennai on pari passu charge against specific secured NCDs. The Company has, at all times, for the secured NCDs, maintained sufficient asset cover as stated in the respective information memorandum towards the principal amount, interest accrued thereon, and such other sums as mentioned therein.

14.2 Details of Non-Convertible Debentures (NCD) (Secured) as at March 31, 2024 (Consolidated)

Original maturity of loan	Residual maturity of NCD (Secured)				Total
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	
Redeemable at par and at maturity					
Up to 2 years	4,010.00	-	-	-	4,010.00
Over 2 to 3 years	7,000.00	6,750.00	6,550.00	-	20,300.00
Over 3 to 4 years	-	-	3,750.00	-	3,750.00
Over 4 years	-	400.00	-	250.00	650.00
Total at face value	**11,010.00**	**7,150.00**	**10,300.00**	**250.00**	**28,710.00**
Interest accrued but not due					1,967.11
Impact of EIR					(142.75)
Total amortised cost					**30,534.36**

-Interest rate ranges from 9.05% to 10.25% as at March 31, 2024.

14.3 Details of Non-Convertible Debentures (NCD) (Secured) as at March 31, 2023 (Consolidated)

Original maturity of loan	Residual maturity of NCD (Secured)				Total
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	
Redeemable at par					
Up to 2 years	7,600.00	4,010.00	-	-	11,610.00
Over 2 to 3 years	1,000.00	7,000.00	6,000.00	-	14,000.00
Over 3 to 4 years	-	-	-	750.00	750.00
Over 4 years	-	-	400.00	-	400.00
Redeemable at par and payable quarterly					
Up to 2 years	600.00	-	-	-	600.00
Total at face value	**9,200.00**	**11,010.00**	**6,400.00**	**750.00**	**27,360.00**
Interest accrued but not due					1,088.98
Impact of EIR					(210.23)
Total amortised cost					**28,238.75**

-Interest rate ranges from 7.40% to 10.10% as at March 31, 2023

(All amounts in INR million, unless otherwise stated)

14.4 Details of Non-Convertible Debentures (NCD) (Secured) as at March 31, 2022 (Standalone)

Original maturity of loan	Residual maturity of NCD (Secured)				Total
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in more than 3 years	
Redeemable at par and at maturity					
Up to 2 years	-	3,850.00	-	-	3,850.00
Over 2 to 3 years	3,000.00	1,000.00	1,500.00	-	5,500.00
Over 4 years	150.00	-	-	400.00	550.00
Redeemable at par and payable quarterly					
Up to 2 years	400.00	600.00	-	-	1,000.00
Total at face value	**3,550.00**	**5,450.00**	**1,500.00**	**400.00**	**10,900.00**
Interest accrued but not due					449.46
Impact of EIR					(44.36)
Total amortised cost					**11,305.10**

-Interest rate ranges from 7.40% to 11.40% as at March 31, 2022

14.5 Details of Commercial Paper

Original maturity of loan	Residual maturity of Commercial Paper		
	Due within 1 year		
	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Redeemable at par with original maturity up to 1 year	-	-	250.00
Total at face value	**-**	**-**	**250.00**
Unamortised cost			(2.15)
Total amortised cost			**247.85**

-Interest rate is at 5.85% as at March 31, 2022.

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15. Borrowings (Other than Debt Securities)

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
At amortised cost (within India)			
Secured			
Term Loans from Banks (refer note 15.1, 15.2, 15.3 and 15.4)	57,336.93	37,214.15	21,091.64
Term Loans from Financial institutions (refer note 15.1, 15.5, 15.6 and 15.7)	1,877.58	1,508.30	1,394.92
Cash Credit from Banks (refer note 15.1, 15.8, 15.9 and 15.10)	162.87	-	200.00
Securitisation liabilities (refer note 15.1, 15.11, 15.12 and 15.13)	1,638.77	3,280.15	4,893.25
Total (A)	**61,016.15**	**42,002.60**	**27,579.81**
At amortised cost (outside India)			
Secured			
External commercial borrowing (ECB) (refer note 15.1, 15.14, 15.15 and 15.16)	9,297.19	1,089.17	1,100.53
Total (B)	**9,297.19**	**1,089.17**	**1,100.53**
Total (C) = (A) + (B)	**70,313.34**	**43,091.77**	**28,680.34**

15.1 Term loans from Banks and Financial institutions, cash credit / bank overdraft from banks, securitisation liabilities and external commercial borrowing of the Company including those borrowed during the year ended March 31, 2024, March 31, 2023 and March 31, 2022 are fully secured by hypothecation of book debts, loan receivables and fixed deposits.

15.2 Details of Term loans from Banks (Secured) as at March 31, 2024 (Consolidated)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable on maturity										
Up to 2 years	1	49.00	-	-	-	-	-	-	1	49.00
Repayable quarterly										
Up to 2 years	4	299.77	-	-	-	-	-	-	4	299.77
Over 2 to 3 years	10	316.67	7	241.67	2	58.20	-	-	19	616.54
Over 3 to 4 years	47	1,796.62	50	1,866.38	36	1,271.60	17	396.34	150	5,330.94
Over 4 years	204	10,857.14	177	9,949.60	161	9,387.66	160	10,009.33	702	40,203.73
Repayable monthly										
Over 2 to 3 years	12	363.64	12	363.64	2	60.28	-	-	26	787.56
Over 3 to 4 years	12	168.36	3	28.13	-	-	-	-	15	196.49
Over 4 years	170	2,616.69	168	2,591.69	146	2,434.19	165	2,571.63	649	10,214.20
Total Face value		**16,467.89**		**15,041.11**		**13,211.93**		**12,977.30**		**57,698.23**
Interest accrued but not due										1.55
Impact of EIR										(362.85)
Total amortised cost										**57,336.93**

-Interest rate ranges from 9.12% to 10.80% p.a as at March 31, 2024.

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15.3 Details of Term loans from Banks (Secured) as at March 31, 2023 (Consolidated)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable half -yearly										
Over 4 years	5	209.61	-	-	-	-	-	-	5	209.61
Repayable quarterly										
Up to 2 years	4	300.00	4	300.00	-	-	-	-	8	600.00
Over 2 to 3 years	8	233.33	6	200.00	3	125.00	-	-	17	558.33
Over 3 to 4 years	21	899.31	24	1,160.85	22	1,095.98	9	555.27	76	3,711.41
Over 4 years	181	6,872.69	169	7,010.57	131	5,592.88	191	7,650.68	672	27,126.82
Repayable monthly										
Over 3 to 4 years	20	170.83	12	112.50	3	28.13	-	-	35	311.46
Over 4 years	84	1,170.00	84	1,170.00	84	1,170.00	89	1,391.57	341	4,901.57
Total Face value		**9,855.77**		**9,953.92**		**8,011.99**		**9,597.52**		**37,419.20**
Interest accrued but not due										6.88
Impact of EIR										(211.93)
Total amortised cost										**37,214.15**

-Interest rate ranges from 8.30% to 10.75% p.a as at March 31, 2023.

15.4 Details of Term loans from Banks (Secured) as at March 31, 2022 (Standalone)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable half -yearly										
Over 4 years	4	160.00	5	210.00	-	-	-	-	9	**370.00**
Repayable quarterly										
Over 2 to 3 years	4	66.66	4	66.67	2	33.33	-	-	10	**166.66**
Over 3 to 4 years	7	241.07	8	258.93	8	258.93	6	193.92	29	**952.85**
Over 4 years	141	3,832.45	142	4,195.85	125	3,719.34	212	6,285.48	620	**18,033.12**
Repayable monthly										
Over 3 to 4 years	24	200.00	20	170.83	12	112.50	3	28.13	59	**511.46**
Over 4 years	36	270.00	36	270.00	36	270.00	50	382.50	158	**1,192.50**
Total Face value		**4,770.18**		**5,172.28**		**4,394.10**		**6,890.03**		**21,226.59**
Interest accrued but not due										4.16
Impact of EIR										(139.11)
Total amortised cost										**21,091.64**

-Interest rate ranges from 7.35% to 9.35% p.a as at March 31, 2022

(All amounts in INR million, unless otherwise stated)

Disclosure of information related to borrowings from banks or financial institutions on the basis of security of current assets
The quarterly returns or statements comprising (book debt statements and other stipulated financial information) filed by the Company with such banks are in agreement with the books of account of the Company.

15.5 Details of Term loans from Financial institutions as at March 31, 2024 (Consolidated)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable on yearly										
Over 4 years	2	150.00	2	150.00	2	150.00	-	-	6	450.00
Repayable monthly										
Over 3 to 4 years	60	574.61	55	535.95	21	250.00	5	59.52	141	1,420.08
Total Face value		**724.61**		**685.95**		**400.00**		**59.52**		**1,870.08**
Interest accrued but not due										11.53
Impact of EIR										(4.03)
Total amortised cost										**1,877.58**

-Interest rate ranges from 6.00% to 10.15% p.a as at March 31, 2024.

15.6 Details of Term loans from Financial institutions as at March 31, 2023 (Consolidated)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable on maturity										
Up to 2 years	1	49.00	-	-	-	-	-	-	1	49.00
Repayable on yearly										
Over 4 years	2	150.00	2	150.00	2	150.00	2	150.00	8	600.00
Repayable monthly										
Over 3 to 4 years	35	281.60	36	288.89	31	250.24	-	-	102	820.73
Over 4 years	4	41.32	-	-	-	-	-	-	4	41.32
Total Face value		**521.92**		**438.89**		**400.24**		**150.00**		**1,511.05**
Interest accrued but not due										0.03
Impact of EIR										(2.78)
Total amortised cost										**1,508.30**

-Interest rate ranges from 6.00% to 10.75% p.a as at March 31, 2023.

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15.7 Details of Term loans from Financial institutions as at March 31, 2022 (Standalone)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable on yearly										
Over 4 years	2	150.00	2	150.00	2	150.00	4	300.00	10	750.00
Repayable monthly										
Over 2 to 3 years	21	169.35	-	-	-	-	-	-	21	169.35
Over 3 to 4 years	11	80.21	12	87.50	12	87.50	9	65.62	44	320.83
Over 4 years	12	116.30	4	41.32	-	-	-	-	16	157.62
Total Face value		**515.86**		**278.82**		**237.50**		**365.62**		**1,397.80**
Interest accrued but not due										0.13
Impact of EIR										(3.01)
Total amortised cost										**1,394.92**

-Interest rate ranges from 8.15% to 10.75% p.a as at March 31, 2022.

15.8 Details of Cash credit from banks as at March 31, 2024 (Consolidated)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable on yearly										
Up to 2 years	1	162.87	-	-	-	-	-	-	1	162.87
Total amortised cost		**162.87**		**-**		**-**		**-**		**162.87**

-Interest rate is at 9.30% p.a as at March 31, 2024.

15.9 Details of cash credit from banks as at March 31, 2023 (Consolidated)

There were no cash credit from Banks as at 31 March 2023

15.10 Details of cash credit from banks as at March 31, 2022 (Standalone)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable on yearly										
Up to 2 years	1	200.00	-	-	-	-	-	-	1	200.00
Total amortised cost		200.00		-		-		-		**200.00**

-Interest rate is at 8.05% p.a as at March 31, 2022

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15.11 Details of securitisation liabilities as at March 31, 2024 (Consolidated)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable bullet										
Over 4 years	-	-	-	-	-	-	1	35.37	1	35.37
Repayable monthly										
Over 4 years	51	891.98	30	191.77	24	206.34	43	310.69	148	1,600.78
Total Face value		**891.98**		**191.77**		**206.34**		**346.06**		**1,636.15**
Interest accrued but not due										5.02
Impact of EIR										(2.40)
Total amortised cost										**1,638.77**

-Interest rate ranges from 8.00% to 10.15% p.a as at March 31, 2024.

15.12 Details of securitisation liabilities as at March 31, 2023 (Consolidated)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable bullet										
Over 4 years	-	-	-	-	-	-	1	35.36	1	35.36
Repayable monthly										
Over 4 years	75	1,121.44	60	1,097.50	29	372.49	65	653.63	229	3,245.06
Total Face value		**1,121.44**		**1,097.50**		**372.49**		**688.99**		**3,280.42**
Interest accrued but not due										7.35
Impact of EIR										(7.62)
Total amortised cost										**3,280.15**

-Interest rate ranges from 8.00% to 10.25% p.a as at March 31, 2023.

(All amounts in INR million, unless otherwise stated)

15.13 Details of securitisation liabilities as at March 31, 2022 (Standalone)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable bullet										
Over 4 years	2	35.36	-	-	-	-	-	-	2	35.36
Repayable monthly										
Over 4 years	71	1,062.22	64	1,065.26	55	1,208.53	61	1,514.49	251	4,850.50
Total Face value		**1,097.58**		**1,065.26**		**1,208.53**		**1,514.49**		**4,885.86**
Interest accrued but not due										10.35
Impact of EIR										(2.96)
Total amortised cost										**4,893.25**

-Interest rate ranges from 8.00% to 10.25% p.a as at March 31, 2022.

15.14 Details of external commercial borrowings as at March 31, 2024 (Consolidated)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable on maturity										
Over 2 to 3 years	-	-	-	-	1	3,624.86	-	-	1	3,624.86
Over 3 to 4 years	-	-	-	-	1	4,826.18	-	-	1	4,826.18
Repayable quarterly										
Over 4 years	4	155.59	4	155.59	4	155.59	13	505.66	25	972.43
Total Face value		**155.59**		**155.59**		**8,606.63**		**505.66**		**9,423.47**
Interest accrued but not due										41.64
Impact of EIR										(167.92)
Total amortised cost										**9,297.19**

-Interest rate ranges from 9.90% to 10.30% p.a as at March 31, 2024.

(All amounts in INR million, unless otherwise stated)

15.15 Details of external commercial borrowings as at March 31, 2023 (Consolidated)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable quarterly										
Over 4 years	4	138.11	4	138.11	4	138.11	17	586.98	29	1,001.31
Total Face value		**138.11**		**138.11**		**138.11**		**586.98**		**1,001.31**
Interest accrued but not due										2.93
Impact of EIR										84.93
Total amortised cost										**1,089.17**

-Interest rate is at 9.70% p.a as at March 31, 2023.

15.16 Details of external commercial borrowings as at March 31, 2022 (Standalone)

Original maturity of loans	Residual maturity of loan								Total	
	Due within 1 year		Due in 1 to 2 years		Due in 2 to 3 years		Due more than 3 years			
	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount	Total number of installments	Amount
Repayable quarterly										
Over 4 years	3	103.58	4	138.11	4	138.11	21	725.09	32	1,104.89
Total Face value		**103.58**		**138.11**		**138.11**		**725.09**		**1,104.89**
Interest accrued but not due										3.24
Impact of EIR										(7.60)
Total amortised cost										**1,100.53**

-Interest rate is at 9.70% p.a as at March 31, 2022.

15.17 The rate of interest for the above term loans is linked to the MCLR/base rates of the banks and is subject to change from time to time. The above categorisation of loans have been based on the interest rates, prevalent as on the respective reporting dates.

15.18 Cash credit facility from bank is secured against loan receivables and bank overdraft is secured against fixed deposit with bank.

15.19 The borrowings have not been guaranteed by directors or others. Also, the Company has not defaulted in repayment of principal and interest.

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16. Subordinated Liabilities

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Unsecured			
Non Convertible Debentures (refer note 16.1, 16.2 and 16.3)	504.75	770.73	769.50
Total	**504.75**	**770.73**	**769.50**
Subordinated liablities in India	504.75	770.73	769.50
Subordinated liablities outside India	-	-	-
Total	**504.75**	**770.73**	**769.50**

16.1 Details of Non Convertible Debentures (Unsecured) as at March 31, 2024 (Consolidated)

Original maturity of loans	Residual maturity of NCD				Total
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due more than 3 years	
	Amount	Amount	Amount	Amount	
Repayable on maturity					
Over 4 years	-	-	-	500.00	500.00
Total Face value	**-**	**-**	**-**	**500.00**	**500.00**
Interest accrued but not due					7.88
Impact of EIR					(3.13)
Total amortised cost					**504.75**

-Interest rate ranges from 9.35% to 9.50% p.a as at March 31, 2024.

16.2 Details of Non Convertible Debentures (Unsecured) as at March 31, 2023 (Consolidated)

Original maturity of loans	Residual maturity of NCD				Total
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due more than 3 years	
	Amount	Amount	Amount	Amount	
Repayable on maturity					
Over 4 years	250.00	-	-	500.00	750.00
Total Face value	**250.00**	**-**	**-**	**500.00**	**750.00**
Interest accrued but not due					25.15
Impact of EIR					(4.42)
Total amortised cost					**770.73**

-Interest rate ranges from 9.35% to 10.50% p.a as at March 31, 2023.

16.3 Details of Non Convertible Debentures (Unsecured) as at March 31, 2022 (Standalone)

Original maturity of loans	Residual maturity of NCD				Total
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due more than 3 years	
	Amount	Amount	Amount	Amount	
Repayable on maturity					
Over 4 years	-	250.00	-	500.00	750.00
Total Face value	**-**	**250.00**	**-**	**500.00**	**750.00**
Interest accrued but not due					25.22
Impact of EIR					(5.72)
Total amortised cost					**769.50**

-Interest rate ranges from 9.35% to 10.50% p.a as at March 31, 2022.

(All amounts in INR million, unless otherwise stated)

17. Other Financial Liabilities

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Employee Benefits Payable	334.05	217.39	99.31
Advance received from customers	963.30	1,589.46	744.75
Book overdraft	899.83	606.04	675.97
Loan Payable*	1,459.61	523.64	1,429.67
Lease liability (Refer note 31)	446.15	40.56	56.64
Amounts payable under direct assignment and co-lending arrangement	147.23	76.74	-
Total	**4,250.17**	**3,053.83**	**3,006.34**

*Towards request for disbursement received from borrowers against loans duly sanctioned and contracted.

18. Provisions

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Provision for Employee Benefits			
- Gratuity (refer note 36)	24.29	13.67	7.46
- Compensated absences Fund	5.96	-	-
Total	**30.25**	**13.67**	**7.46**

19. Other Non-Financial Liabilities

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Statutory dues	170.85	86.17	56.03
Total	**170.85**	**86.17**	**56.03**

(All amounts in INR million, unless otherwise stated)

20. Equity Share Capital

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
AUTHORISED			
175,000,000 Equity Shares of INR 10 each (FY 2022-23: 175,000,000 Equity Shares of INR 10 each) (FY 2021-22: 100,000,000 Equity Shares of INR 10 each)	1,750.00	1,750.00	1,000.00
25,000,000 Preference Shares of INR 10 each (FY 2022-23: 25,000,000 Preference Shares of INR 10 each) (FY 2021-22: NIL)	250.00	250.00	-
	2,000.00	**2,000.00**	**1,000.00**
ISSUED, SUBSCRIBED AND FULLY PAID UP			
125,911,616 Equity Shares of INR 10 each (FY 2022-23: 106,638,002 Equity Shares of INR 10 each) (FY 2021-22: 82,591,861 Equity Shares of INR 10 each)	1,259.12	1,066.38	825.92
	1,259.12	**1,066.38**	**825.92**

Subsequent to March 31, 2024, the Board of Directors of the Company in its meeting held on April 4, 2024 and shareholders in the Extraordinary General Meeting held on April 26, 2024 approved the sub-division of equity shares from Rs. 10 per share to Rs. 5 per share.

20.1 (a) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2024 (Consolidated)		As at March 31, 2023 (Consolidated)		As at March 31, 2022 (Standalone)	
	Number	Amount	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	106,638,002	1,066.38	82,591,861	825.92	82,591,861	825.92
Shares issued during the year	19,273,614	192.74	24,046,141	240.46	-	-
Shares outstanding at the end of the year	**125,911,616**	**1,259.12**	**106,638,002**	**1,066.38**	**82,591,861**	**825.92**

20.1 (b) Reconciliation of number of Compulsorily Convertible Preference Shares (CCPS) outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2024		As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	-	-	-	-	-	-
Shares issued during the year (refer 20.1(d))	-	-	21,189,895	211.90	-	-
CCPS converted to equity during the year	-	-	(21,189,895)	(211.90)	-	-
Closing balance	**-**	**-**	**-**	**-**	**-**	**-**

20.1 (c) Shares reserved for issue under employee stock option plan

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Equity shares of INR 10 fully paid up Number of Shares reserved for ESOPs (Refer note 39)	4,266,042	4,567,095	3,807,403

20.1 (d) Rights, Preferences and Restrictions

The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Compulsorily Convertible Preference Shares (CCPS) issued during the financial year 2022-23 were subsequently converted to equity shares on January 19, 2023.

20.1 (e) List of shareholders holding more than 5% shares

Particulars	As at March 31, 2024 (Consolidated)		As at March 31, 2023 (Consolidated)		As at March 31, 2022 (Standalone)	
	Number	%	Number	%	Number	%
Olive Vine Investment Ltd*	74,697,037	59.32%	74,697,037	70.05%	66,073,488	80.00%
International Finance Corporation Ltd	14,540,892	11.55%	18,674,260	17.51%	16,518,373	20.00%
Kedaara Capital Growth Fund III LLP	17,688,940	14.05%	13,266,705	12.44%	-	-
Alpha Investment Company LLC	12,940,331	10.28%	-	-	-	-

* Including shares held jointly with nominee Shareholders

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20.1. (f) Shareholding of promoters

As at March 31, 2024 (Consolidated)

Particulars	Promoter Name	No of Shares at the beginning of the year	Change during the year	No of Shares at the end of the year	% of total shares	% Change during the year
Equity shares of INR 10 each fully paid	Olive Vine Investment Ltd* (Holding Company)	74,697,037	-	74,697,037	59.32%	-

As at March 31, 2023 (Consolidated)

Particulars	Promoter Name	No of Shares at the beginning of the year	Change during the year	No of Shares at the end of the year	% of total shares	% Change during the year
Equity shares of INR 10 each fully paid	Olive Vine Investment Ltd* (Holding Company)	66,073,488	8,623,549	74,697,037	70.05%	(9.95%)

As at March 31, 2022 (Standalone)

Particulars	Promoter Name	No of Shares at the beginning of the year	Change during the year	No of Shares at the end of the year	% of total shares	% Change during the year
Equity shares of INR 10 each fully paid	Olive Vine Investment Ltd* (Holding Company)	66,073,488	-	66,073,488	80%	-

* Including shares held jointly with nominee Shareholders

(All amounts in INR million, unless otherwise stated)

21.Other Equity

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Securities Premium	28,816.39	17,103.28	7,592.33
General Reserve	4.74	3.87	0.01
Statutory Reserve (under Section 45-IC (1) of the Reserve Bank of India Act, 1934)	1,337.45	652.31	336.84
Employees Stock Options Reserve	190.42	130.58	85.42
Cash Flow Hedge Reserve	(99.24)	23.58	2.32
Foreign Currency Translation Reserve	3.53	-	-
Retained Earnings	5,254.76	2,517.22	1,253.80
TOTAL	**35,508.05**	**20,430.84**	**9,270.72**

Note: For additions and deductions under each of the above heads, refer Restated Summary Statement of Changes in Equity

Description of the nature and purpose of Other Equity

Securities premium

Securities premium account is used to record the premium collected on issue of shares and utilisation towards share issue expenses. It can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is created through annual transfer of profits at a specified percentage in accordance with applicable regulations under the erstwhile Companies Act, 1956. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer specified percentage of net profits to General reserve has been withdrawn. However, the company continues to transfer to general reserves employees stock options that are expired unexcerised or upon forfeiture of options granted.

Statutory reserve as per Section 45–IC of the RBI Act, 1934

Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 by the Company, through transfer of specified percentage of net profit (on a standalone basis) every year before any dividend is declared.

Employees Stock Option Reserve

The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date on stock options vested but not exercised by employees and unvested stock options in the Restated Summary Statement of Profit and Loss (including other comprehensive income) in respect of equity-settled share options granted to the eligible employees of the Company and its subsidiaries in pursuance of the Employee Stock Option Plan.

Cash Flow Hedge Reserve

It represents the cumulative gain / (loss) arising on revaluation of the derivative instruments designated as cash flow hedges through other comprehensive income.

Exchange differences on translating the financial statements of a foreign operation

It represents the accumulated gain or loss resulting from the translation of financial statements denominated in a foreign currency into the Company's reporting currency.

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, statutory reserve, debenture redemption reserve, dividends or other distributions paid to shareholders.

(All amounts in INR million, unless otherwise stated)

22.Interest Income

Particulars	**For the year ended March 31, 2024 (Consolidated)**	**For the year ended March 31, 2023 (Consolidated)**	**For the year ended March 31, 2022 (Standalone)**
On financial assets measured at amortised cost			
- Interest on Loans	13,864.33	8,554.85	4,617.46
- Interest Income on fixed deposits with bank	450.93	353.61	147.01
- Interest Income from Treasury Bills	122.02	22.36	0.03
Total	**14,437.28**	**8,930.82**	**4,764.50**

23.Fees and Commission income

Particulars	**For the year ended March 31, 2024 (Consolidated)**	**For the year ended March 31, 2023 (Consolidated)**	**For the year ended March 31, 2022 (Standalone)**
Type of services			
Forex commission	518.00	256.22	94.44
Insurance commission	929.47	159.90	65.42
Prepayment & other fees and charges	395.50	253.26	119.07
Total	**1,842.97**	**669.38**	**278.93**

Set out below is the revenue from contracts with customers and reconciliation to the Restated Summary Statement of Profit and Loss (including other comprehensive income)

Geographical markets			
- India	1,842.97	669.38	278.93
- Outside India	-	-	-
Total	**1,842.97**	**669.38**	**278.93**

Timing of revenue recognition			
Services transferred at a point in time	1,842.97	669.38	278.93
Services transferred over time	-	-	-
Total	**1,842.97**	**669.38**	**278.93**

Note: For receivable balances against the income, refer note no 6.

24.Net gain on fair value changes

Particulars	**For the year ended March 31, 2024 (Consolidated)**	**For the year ended March 31, 2023 (Consolidated)**	**For the year ended March 31, 2022 (Standalone)**
Realised gain on sale of mutual funds - at FVTPL	132.49	66.03	39.41
Unrealised gain on mutual funds - at FVTPL	-	-	-
Total	**132.49**	**66.03**	**39.41**

AVANSE FINANCIAL SERVICES LIMITED
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(All amounts in INR million, unless otherwise stated)

25. Finance costs

Particulars	For the year ended March 31, 2024 (Consolidated)	For the year ended March 31, 2023 (Consolidated)	For the year ended March 31, 2022 (Standalone)
On financial liabilities measured at amortised cost			
Interest on borrowings (other than debt securities)	5,394.36	2,921.15	1,523.83
Interest on debt securities	3,009.99	2,009.35	955.45
Interest on subordinated liabilities	73.74	74.68	73.38
Interest on securitisation liabilities	217.22	375.06	167.12
Finance cost on lease liability	8.09	5.72	8.95
Other finance charges	52.98	12.47	10.14
Total	**8,756.38**	**5,398.43**	**2,738.87**

Note: There are no financial liabilities measured at FVTPL.

26.Impairment on financial instruments

Particulars	For the year ended March 31, 2024 (Consolidated)	For the year ended March 31, 2023 (Consolidated)	For the year ended March 31, 2022 (Standalone)
On financial assets measured at amortised cost			
Expected credit loss	332.12	183.81	146.54
Bad debts written off	463.80	282.08	44.28
Total	**795.92**	**465.89**	**190.82**

27.Employee benefits expense

Particulars	For the year ended March 31, 2024 (Consolidated)	For the year ended March 31, 2023 (Consolidated)	For the year ended March 31, 2022 (Standalone)
Salaries, Bonus and other allowances	1,245.61	835.54	576.22
Contribution to Provident Fund and Other Funds (refer note 36)	48.58	33.82	27.67
Gratuity (refer note 36)	11.75	10.91	9.50
Employee share based payment expenses	74.79	49.02	37.58
Staff Welfare Expenses	28.16	18.93	9.93
Total	**1,408.89**	**948.22**	**660.90**

AVANSE FINANCIAL SERVICES LIMITED
Annexure V- Statement of material accounting policies and explanatory notes
(All amounts in INR million, unless otherwise stated)

28. Other expenses

Particulars	For the year ended March 31, 2024 (Consolidated)	For the year ended March 31, 2023 (Consolidated)	For the year ended March 31, 2022 (Standalone)
Electricity Charges	10.40	7.69	5.06
Security Charges	1.57	1.15	0.82
Manpower Outsourcing	169.84	45.82	28.98
Rent	23.77	19.08	11.40
Office Maintenance	7.98	4.50	3.08
Insurance Charges	19.01	16.14	13.10
Rates and Taxes	10.42	10.17	4.16
Housekeeping Expenses	17.21	10.27	8.13
Business Sourcing Expenses	411.34	174.76	108.53
Travelling and Conveyance	111.00	71.46	50.67
Rating Fees	43.72	27.60	14.66
Printing and Stationery	13.30	9.14	5.72
Postage, Telephone and Fax	19.02	14.97	17.99
Advertising	7.84	14.84	10.64
Bank Charges	2.76	8.22	2.98
Information Technology Expense	364.56	197.57	117.22
Director's Remuneration & Sitting Fees	9.03	8.82	7.80
Legal & Professional Expenses	191.07	160.80	61.25
Auditors' Remuneration (refer note below)	10.03	9.27	6.65
Corporate Social Responsibilty Expense (refer note 35)	23.10	11.10	8.12
Miscellaneous Expenses	60.92	20.22	24.49
Total	**1,527.89**	**843.59**	**511.45**

Payments to auditors (including Goods and Services Tax to the extent of credit not availed)

Particulars	For the year ended March 31, 2024 (Consolidated)	For the year ended March 31, 2023 (Consolidated)	For the year ended March 31, 2022 (Standalone)
a) For audit and limited reviews	8.18	7.09	5.86
b) For certification	1.53	1.96	0.76
c) For reimbursement of expenses	0.32	0.22	0.03
Total	**10.03**	**9.27**	**6.65**

(All amounts in INR million, unless otherwise stated)

29	Earning Per Equity Share	For the Year Ended March 31, 2024 (Consolidated)	For the Year Ended March 31, 2023 (Consolidated)	For the Year Ended March 31, 2022 (Standalone)
A	Profit attributable to equity share holders	3,424.03	1,577.11	632.07
B	Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	222,359,825	182,053,594	165,183,722
	Effect of dilution:			
	Employee stock options	5,196,545	3,573,517	2,103,772
C	Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	227,556,370	185,627,111	167,287,494
	Basic earnings per share (Rs.) (A/B)	15.40	8.66	3.83
	Diluted earnings per share (Rs.) (A/C)	15.05	8.50	3.78
	Nominal value per share (Rs.)	5.00	5.00	5.00

Subsequent to March 31, 2024, the Board of Directors of the Company in its meeting held on April 4, 2024 and shareholders in the Extraordinary General Meeting held on April 26, 2024 approved the sub-division of equity shares from Rs. 10 per share to Rs. 5 per share. Accordingly, the earnings per share for the earlier periods have been recalculated based on revised number of shares.

30 Contingent Liabilities And Commitments

Sr. No.	Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
	Contingent Liabilities			
	Income Tax matters: Appeals filed by the Company	31.68	-	-
	Capital Commitments			
	Undisbursed commitments	10,587.10	7,955.46	4,965.59
	Estimated amount of contracts remaining to be executed on capital account and not provided for	81.69	16.97	12.05

Note: During the FY 2022-23, the company has paid income tax demand amounting to Rs. 73.40 million for assessment year 2020-21 and Rs. 10.00 million for assessment year 2021-22 under protest.

The Company is involved in certain litigations, including claims from revenue authorities, cases by/against customers, dispute with a third party towards invocation of guarantee and other matters arising in the normal course of business. These matters are pending at various forums and different stages of legal proceedings.

The Company has assessed the possible obligations arising from such claims, in accordance with the requirements of Ind AS 37, considering judicial precedents, consultation with lawyers and past experience. Accordingly, the Company is of the view that based on information currently available, no provision or disclosure as contingent liability is considered necessary in respect of these matters except as disclosed above.

31 Leases

In accordance with the Ind AS 116 on “Leases”, the following disclosures in respect of leases are made.

The Company has recognised lease liabilities and right to use assets as follows:

	Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
I.	**Lease Liabilities**			
	Opening Balance	40.56	56.64	83.38
	Add: Lease liabilities recognised during the year	459.23	13.82	-
	Less: Lease liabilities written off during the year	-	-	-
	Add: Interest accrued on lease liabilities	8.09	5.72	8.95
	Less: Lease payments	(61.73)	(35.62)	(35.69)
	Closing Balance of Lease Liabilities	**446.15**	**40.56**	**56.64**
II.	**Right of use assets (RoU assets)**			
	Opening balance	34.86	48.78	77.36
	Add: RoU assets recognised during the year	459.22	13.82	-
	Less: RoU assets written off during the year	-	-	-
	Less: Depreciation on RoU assets	(53.92)	(27.74)	(28.58)
	Closing balance of RoU assets	**440.16**	**34.86**	**48.78**

1. The aggregate depreciation expenses on ROU assets is included under depreciation and amortization expenses in the Restated Summary Statement of Profit and Loss (including other comprehensive income).

Table showing contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Less than one year	123.29	33.84	31.14
One to five years	419.71	12.82	35.61
More than five years	-	-	-
Total	**543.00**	**46.66**	**66.75**

(All amounts in INR million, unless otherwise stated)

Amount Recognised in Restated Summary Statement of Profit and Loss (including other comprehensive income)

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Interest on lease liabilities charged to finance cost	8.09	5.72	8.95
Depreciation charge for the period on RoU assets	53.92	27.74	28.58
Expense relating to short-term leases (included in Rent expenses under note 28 " Other expenses")	23.77	19.08	11.40
Expense relating to leases of low-value assets (included in Rent expenses under note 28 " Other expenses")	-	-	-
Total	**85.78**	**52.54**	**48.93**

Cash out flow on account of lease payments is Rs. 61.73 million (March 31, 2023: Rs. 35.62 million, March 31, 2022: Rs. 35.69 million)

The Company does not face significant liquidity risk with regards to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

32 Segment Reporting

The Company operates in a single reportable operating segment of providing loans. Accordingly, there are no revenues from transactions with a single external customer which is more than 10% of total revenue, as per the Ind AS on 'Operating Segments' (Ind AS 108) prescribed under section 133 of the Companies Act, 2013.

The Company has its operation within India and all revenues are generated within India.

33 Change in liabilities arising from financing activities

Particulars	As at April 01, 2023	Cash Flows (Net)	Others (net)*	As at March 31, 2024 (Consolidated)
Debt securities	28,238.75	1,350.00	945.61	30,534.36
Borrowings (other than debt securities)	43,091.77	27,587.15	(365.58)	70,313.34
Subordinated liabilities	770.73	(250.00)	(15.98)	504.75
Lease Liability	40.56	(61.73)	467.32	446.15

Particulars	As at April 01, 2022	Cash Flows (Net)	Others (net)*	As at March 31, 2023 (Consolidated)
Debt securities	11,552.95	16,210.02	475.78	28,238.75
Borrowings (other than debt securities)	28,680.34	14,389.18	22.25	43,091.77
Subordinated liabilities	769.50	-	1.23	770.73
Lease Liability	56.64	(35.62)	19.54	40.56

Particulars	As at April 01, 2021	Cash Flows (Net)	Others (net)*	As at March 31, 2022 (Standalone)
Debt securities	8,961.71	2,600.00	(8.76)	11,552.95
Borrowings (other than debt securities)	14,697.36	14,032.98	(50.00)	28,680.34
Subordinated liabilities	775.15	-	(5.65)	769.50
Lease Liability	83.38	(35.69)	8.95	56.64

*Includes the effect of interest accrued but not paid on borrowing, amortisation of processing fees and MTM gain/(loss) on cash flow hedge for ECB.

34 Transfer of financial assets

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Loans and advances measured at amortised cost	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Carrying amount of transferred assets measured at amortised cost	2,679.11	4,339.45	5,580.22
Carrying amount of associated liabilities measured at amortised cost	(1,638.77)	(3,280.15)	(4,893.25)

(All amounts in INR million, unless otherwise stated)

35 Expenditure towards Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 (read with schedule VII thereof)

a) Gross amount required to be spent by the Company & approved by the board during the year – Rs. 23.10 million (FY 2022-23: Rs. 11.10 million, FY 2021-22: Rs. 8.12 million).

b) **Amount spent by the Company during the year**

Particulars	For the year ended March 31, 2024			For the year ended March 31, 2023			For the year ended March 31, 2022		
	Amount spent	Amount unpaid/provision	Total	Amount spent	Amount unpaid/provision	Total	Amount spent	Amount unpaid/provision	Total
i) Construction/acquisition of any asset	-	-	-	-	-	-			
ii) On purpose other than (i) above	23.10	-	23.10	11.94	-	11.94	7.28	0.84	8.12

c) **In case of Section 135(5) unspent amount:**

March 31, 2024 (Consolidated)

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	23.10	23.10	-

March 31, 2023 (Consolidated)

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
0.84	-	11.10	11.94	-

March 31, 2022 (Standalone)

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	8.12	7.28	0.84

d) **In case of Section 135(5) Excess amount spent**

March 31, 2024 (Consolidated)

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	23.10	23.10	-

March 31, 2023 (Consolidated)

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	11.10	11.10	-

March 31, 2022 (Standalone)

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	8.12	7.28	0.84

(All amounts in INR million, unless otherwise stated)

e) **In case of Section 135(6) Details of ongoing projects**

March 31, 2024 (Consolidated)

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In separate CSR unspent account		From Company's bank account	From separate CSR unspent account	With Company	In separate CSR unspent account
-	-	23.10	23.10	-	-	-

March 31, 2023 (Consolidated)

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In separate CSR unspent account		From Company's bank account	From separate CSR unspent account	With Company	In separate CSR unspent account
-	0.84	11.10	11.10	0.84	-	-

March 31, 2022 (Standalone)

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In separate CSR unspent account		From Company's bank account	From separate CSR unspent account	With Company	In separate CSR unspent account
-	-	8.12	7.28	-	-	0.84

f) **Nature of CSR activities**

CSR activities conducted during the year were focused on promoting education and training, enhancing employability skills for unemployed individuals, environmental sustainability and rural development and welfare

(All amounts in INR million, unless otherwise stated)

36 Employee Benefit:

Defined contribution plan

The Company operates defined contribution plan (Provident fund and National Pension Scheme) for all qualifying employees of the Company. The employees of the Company are members of a retirement contribution plan operated by the government. The Company is required to contribute a specified percentage of payroll cost to the retirement contribution scheme to fund the benefits. The only obligation of the Company with respect to the plan is to make the specified contributions.

The Company’s contribution to Provident Fund aggregating Rs. 48.56 million (FY 2022-23: Rs. 33.80 million, FY 2021-22: Rs. 27.65 million) has been recognised in the Restated Summary Statement of Profit and Loss (including other comprehensive income) under the head Employees benefit expenses.

The Company’s contribution to National Pension Scheme aggregating Rs. 6.02 million (FY 2022-23: Rs. 3.37 million, FY 2021-22: 3.46 million) has been recognised in the Restated Summary Statement of Profit and Loss (including other comprehensive income) under the head Employees benefit expenses.

Defined benefit obligation plan

The liability under the Payment of Gratuity Act,1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. The actuarial risks associated are:

Investment / Interest Rate Risk:

The Company is exposed to Investment / Interest risk, if the return on the invested fund falls below the discount rate used to arrive at present value of the benefit.

Longevity Risks:

The Company is not exposed to risk of the employees living longer, as the benefit under the scheme ceases on the employee separating from the employer for any reason.

Salary Risks:

The gratuity benefits under the plan are related to the employee’s last drawn salary. Consequently, any unusual rise in future salary of the employee raises the quantum of benefit payable by the company, which results in a higher liability for the company and is therefore a plan risk for the company.

a) The assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Significant assumptions			
Discount rate	6.92%	7.02%	5.15%
Expected rate of salary increase	10.00%	10.00%	7.00%
Attrition rate	37.00%	37.00%	30.00%
Other assumption			
Mortality rate	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2012-14) Ultimate	Indian Assured Lives (2012-14) Ultimate

b) Amount recognised in Restated Summary Statement of Assets and Liabilities in respect of these defined benefit obligation

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Present value of defined benefit obligation	40.70	29.04	21.87
Fair value of plan assets	16.41	15.37	14.41
Net liability	**24.29**	**13.67**	**7.46**

c) Amount recognised in Restated Summary Statement of Profit and Loss (including other comprehensive income) in respect of these defined benefit obligation:

Particulars	For the year ended March 31, 2024 (Consolidated)	For the year ended March 31, 2023 (Consolidated)	For the year ended March 31, 2022 (Standalone)
Current service cost	11.11	10.63	9.52
Net interest cost	0.64	0.28	(0.02)
Past service cost	-	-	-
Total amount recognised in Restated Summary Statement of Profit and Loss (including other comprehensive income)	**11.75**	**10.91**	**9.50**
Remeasurements on the net defined benefit liability :			
- Actuarial (gain) / loss	1.80	(2.38)	(1.65)
Total amount recognised in other comprehensive income	**1.80**	**(2.38)**	**(1.65)**
Total	**13.55**	**8.53**	**7.85**

The current service cost and the net interest expense for the year are included in the 'Employee benefit expense' line item in the Restated Summary Statement of Profit and Loss (including other comprehensive income).

(All amounts in INR million, unless otherwise stated)

d) Movement in the present value of the defined benefit obligation are as follows:

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Opening defined benefit obligation	29.04	21.87	17.88
Current service cost	11.11	10.63	9.52
Past service cost	-	-	-
Interest cost	1.72	1.02	0.82
Remeasurements (gains)/losses:			
- Actuarial gain from change in demographic assumptions	-	(1.58)	(0.97)
- Actuarial loss from change in financial assumptions	0.10	0.23	0.97
- Actuarial gain from change in experience adjustments	1.65	(0.80)	(1.62)
Benefits paid	(2.92)	(2.33)	(4.73)
Closing defined benefit obligation	**40.70**	**29.04**	**21.87**

e) Movement in the fair value of plan assets are as follows:

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Opening fair value of plan assets	15.37	14.41	13.52
Interest income	1.09	0.74	0.05
Return on plan assets (excluding interest income)	(0.05)	0.22	0.84
Contributions by employer	-	-	-
Adjustment due to change in opening balance of plan assets	-	-	-
Actual Benefits paid	-	-	-
Closing fair value of plan assets	**16.41**	**15.37**	**14.41**

f) Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis are as follows :

	March 31, 2024 (Consolidated)		March 31, 2023 (Consolidated)		March 31, 2022 (Standalone)	
Particulars	**Discount rate**	**Salary Escalation Rate**	**Discount rate**	**Salary Escalation Rate**	**Discount rate**	**Salary Escalation Rate**
Defined benefit obligation on increase in 100 bps	39.71	41.39	28.35	29.56	21.16	22.46
Impact of increase in 100 bps on Defined benefit obligation	(2.41%)	1.71%	(2.38%)	1.78%	(3.23%)	2.72%
Defined benefit obligation on decrease in 100 bps	41.73	40.01	29.77	28.53	22.63	21.30
Impact of decrease in 100 bps on Defined benefit obligation	2.55%	(1.69%)	2.51%	(1.75%)	3.46%	(2.60%)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior periods in preparing the sensitivity analysis. For change in assumptions refer to note (a) above.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation asset recognised in the Restated Summary Statement of Assets and Liabilities.

g) Projected benefits payable:

Particulars	As at March 31, 2024 (Consolidated)	As at March 31, 2023 (Consolidated)	As at March 31, 2022 (Standalone)
Expected benefits for year 1	12.28	9.17	4.09
Expected benefits for year 2	9.45	6.71	4.77
Expected benefits for year 3	7.59	5.27	3.87
Expected benefits for year 4	5.89	4.16	3.25
Expected benefits for year 5	4.51	3.13	2.68
Expected benefits for year 6 to 10	8.25	5.79	6.06

The weighted average duration to the payment of these cash flows is 1.68 years (FY2022-23 : 1.69 years, FY 2021-22: 2.30 years)

The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Company towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Company will complete its evaluation and will give appropriate impact, if any, in the financial result following the Code becoming effective and the related rules being framed and notified.

The Company expects to contribute approximately Rs. 24.29 million (FY 2022-23: Rs. 13.67 million, FY 2021-22: Rs. 7.46 million) to the gratuity fund.

h) Investment pattern:

Particulars	FY 2023-24 (Consolidated)	FY 2022-23 (Consolidated)	FY 2021-22 (Standalone)
Policy of insurance	100%	100%	100%
Total	**100%**	**100%**	**100%**

(All amounts in INR million, unless otherwise stated)

37 Related Party Disclosure:

A As per Ind AS 24 — “Related Party Disclosures”, following disclosure are made:

Names of related parties and description of Relationship

(i) Holding Company
Olive Vine Investment Ltd
(An affiliate of Warburg Pincus LLC)

(ii) Wholly Owned Subsidiary
Avanse Global Finance IFSC Private Limited (Date of Incorporation : January 11, 2023)

(iii) Directors
Mr. Neeraj Swaroop - Independent director
Mrs. Vijayalakshmi Iyer - Independent director
Mr. Narendra Ostawal - Non executive director
Mrs. Savita Mahajan - Independent director
Mr. Ravi Venkatraman- Independent director (appointed w.e.f. July 5, 2021)
Mr. Amit Gainda- Managing Director (appointed w.e.f. March 2, 2022)

Key Management Personnel
Mr. Amit Gainda - Managing Director & Chief Executive Officer
Mr. Rahul Bhapkar - Chief Financial Officer (resigned w.e.f. June 01, 2021)
Mr. Vineet Mahajan - Chief Financial Officer (resigned w.e.f. February 20, 2024)
Mr. Vikrant Gandhi - Chief Financial Officer (appointed w.e.f. February 21, 2024)
Mr. Rakesh Dhanuka - Company Secretary (resigned w.e.f. August 06, 2021)
Mr. Vikas Tarekar - Company Secretary (resigned w.e.f. August 02, 2022)
Mr. Rajesh Gandhi - Company Secretary (appointed w.e.f. November 11, 2022)

(iv) Details of transactions with related parties

Name of the related party	March 31, 2024 (Consolidated)	March 31, 2023 (Consolidated)	March 31, 2022 (Standalone)
Preference Share Capital issued during the period			
Olive Vine Investment Ltd	-	3,120.00	-
Key Management Personnel (KMP) Remuneration			
Short-term employee benefits	79.30	54.79	46.98
Share-based payment:			
Equity shares issued pursuant to stock option scheme	49.69	-	-
Director's Commission			
Mr. Neeraj Swaroop	2.18	2.18	2.18
Mrs. Vijayalakshmi Iyer	1.09	1.09	1.09
Mrs. Savita Mahajan	1.09	1.09	1.09
Mr. Ravi Venkatraman	1.09	1.09	0.82
Sitting Fees			
Mr. Neeraj Swaroop	0.92	0.97	0.66
Mrs. Vijayalakshmi Iyer	0.92	0.77	0.75
Mrs. Savita Mahajan	0.83	0.65	0.55
Mr. Ravi Venkatraman	0.92	0.97	0.67

Balances as at	March 31, 2024 (Consolidated)	March 31, 2023 (Consolidated)	March 31, 2022 (Standalone)
Director's Commission			
Mr. Neeraj Swaroop	2.18	2.18	2.18
Mrs. Vijayalakshmi Iyer	1.09	1.09	1.09
Mrs. Savita Mahajan	1.09	1.09	1.09
Mr. Ravi Venkatraman	1.09	1.09	0.82
Sitting Fees Payable			
Mrs. Vijayalakshmi Iyer	0.04	-	-

(All amounts in INR million, unless otherwise stated)

37.1 There are no provision for doubtful debts/ advances or amounts written off or written back for debts due from/ due to related parties.

37.2 The transactions disclosed above are inclusive of 9% GST, wherever applicable.

37.3 The Compulsorily Convertible Preference Shares (CCPS) issued during the FY 2022-23 were subsequently converted to equity shares on January 19, 2023.

37.4 Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key management personnel are not specifically identified and hence are not included above.

B On Consolidation following transactions and balances with Avanse Global Finance IFSC Private Limited – Subsidiary Company have been eliminated:

Particulars	March 31, 2024 (Consolidated)	March 31, 2023 (Consolidated)
Investment in equity shares of Avanse Global Finance IFSC Private Limited	267.38	0.10
Receivables from Avanse Global Finance IFSC Private Limited	11.43	4.08
Common support cost recovery from Avanse Global Finance IFSC Private Limited	2.55	-

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38 Maturity Analysis of Assets and Liabilities

Sr. No.	Assets	March 31, 2024 (Consolidated)			March 31, 2023 (Consolidated)			March 31, 2022 (Standalone)		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(1)	**Financial Assets**									
(a)	Cash and cash equivalents	13,007.60	-	13,007.60	7,870.77	-	7,870.77	3,252.67	-	3,252.67
(b)	Bank balances other than cash and cash equivalents	2,019.55	276.52	2,296.07	3,100.31	327.87	3,428.18	2,828.32	493.33	3,321.65
(c)	Derivative financial instruments	-	3.32	3.32	-	147.21	147.21	-	35.10	35.10
(d)	Trade receivables	91.94	-	91.94	83.30	-	83.30	26.92	-	26.92
(e)	Loans	22,607.56	101,360.64	123,968.20	18,562.21	65,150.03	83,712.24	5,323.57	41,836.30	47,159.87
(f)	Investments	2,431.46	-	2,431.46	644.17	-	644.17	127.35	-	127.35
(g)	Other financial assets	30.88	114.16	145.04	538.09	55.77	593.86	4.88	29.68	34.56
		40,188.99	**101,754.64**	**141,943.63**	**30,798.85**	**65,680.88**	**96,479.73**	**11,563.71**	**42,394.41**	**53,958.12**
(2)	**Non-financial Assets**									
(a)	Current tax assets (net)	-	190.60	190.60	-	195.28	195.28	-	27.67	27.67
(b)	Deferred tax assets (net)	-	94.77	94.77	-	225.02	225.02	-	191.42	191.42
(c)	Property, plant and equipment	-	233.11	233.11	-	130.88	130.88	-	66.28	66.28
(d)	Right of use assets	-	440.16	440.16	-	34.86	34.86	-	48.78	48.78
(e)	Intangible assets under development	-	112.89	112.89	-	46.41	46.41	-	10.80	10.80
(f)	Other intangible assets	-	135.18	135.18	-	63.45	63.45	-	77.57	77.57
(g)	Capital work-in-progress	-	88.67	88.67	-	-	-	-	-	-
(h)	Other non-financial assets	53.82	145.52	199.34	68.83	55.05	123.88	22.53	126.98	149.51
		53.82	**1,440.90**	**1,494.72**	**68.83**	**750.95**	**819.78**	**22.53**	**549.50**	**572.03**
	Total	**40,242.81**	**103,195.54**	**143,438.35**	**30,867.68**	**66,431.83**	**97,299.51**	**11,586.24**	**42,943.91**	**54,530.15**
	LIABILITIES									
(1)	**Financial Liabilities**									
(a)	Derivative financial instruments	-	116.39	116.39	-	-	-	-	-	-
(b)	Trade payables	751.07	-	751.07	547.37	-	547.37	341.65	-	341.65
(c)	Debt securities	12,651.46	17,882.90	30,534.36	9,783.85	18,454.90	28,238.75	4,247.31	7,305.64	11,552.95
(d)	Borrowings (other than debt securities)	18,462.54	51,850.80	70,313.34	11,427.61	31,664.16	43,091.77	6,404.18	22,276.16	28,680.34
(e)	Subordinated liabilities	7.88	496.87	504.75	274.76	495.97	770.73	25.22	744.28	769.50
(f)	Other financial liabilities	3,237.08	1,013.09	4,250.17	733.54	2,320.29	3,053.83	1,853.94	1,152.40	3,006.34
	Total Financial Liabilities	**35,110.03**	**71,360.05**	**106,470.08**	**22,767.13**	**52,935.32**	**75,702.45**	**12,872.30**	**31,478.48**	**44,350.78**
(2)	**Non-Financial Liabilities**									
(a)	Current tax liabilities (net)	-	-	-	-	-	-	19.24	-	19.24
(b)	Provisions	-	30.25	30.25	-	13.67	13.67	-	7.46	7.46
(c)	Other non-financial liabilities	170.85	-	170.85	86.17	-	86.17	56.03	-	56.03
	Total Non-Financial Liabilities	**170.85**	**30.25**	**201.10**	**86.17**	**13.67**	**99.84**	**75.27**	**7.46**	**82.73**
	Total	**35,280.88**	**71,390.30**	**106,671.18**	**22,853.30**	**52,948.99**	**75,802.29**	**12,947.57**	**31,485.94**	**44,433.51**

(All amounts in INR million, unless otherwise stated)

39 The Board of Directors at its meeting held on January 28th, 2020, approved an issue of stock options of 4,826,799 equity shares of the face value of Rs.10 each in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 subject to the approval of the shareholders under Section 62 of the Companies Act, 2013. The shareholders of the Company vide their special resolution passed at its 18th extra ordinary general meeting held on February 5, 2020 approved the issue of equity shares of the Company under Avanse Financial Services Employee Stock Option Plan - 2019 (ESOP -2019).

Subsequent to March 31, 2024, the Board of Directors of the Company in its meeting held on April 4, 2024 and shareholders in the Extraordinary General Meeting held on April 26, 2024 approved the sub-division of equity shares from Rs. 10 per share to Rs. 5 per share.

Vesting period of the options issued under the ESOP Scheme is on a straight line basis over the period of 4 years with the vesting condition of continuous employement with the Company or the Group except in case of death and retirement where the vesting would happen immediately.

The Nomination, Remuneration and Compensation Committee of the Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. The below details in respect of number of stock options are based on equity shares of face value of Rs. 10/- each.
Under the scheme, fourteen grants have been made as of 31 March 2024, details of which, are given as under:

As on March 31, 2024 (Consolidated)

Grant Date	**February 5, 2020**	**February 5, 2021**	**June 1, 2021**	**October 1, 2021**	**February 8, 2022**	**May 7, 2022**
Exercise Price	152	193	193	230	230	230
Option Granted	3,427,772	464,741	72,623	299,665	41,163	258,221
Option vested and exercisable	1,438,493	170,839	28,902	67,750	7,756	60,577
Option unvested	1,506,682	49,888	28,903	4,039	6,806	175,704
Option exercised	445,917	23,252	1,179	2,885	-	-
Option cancelled	482,596	244,014	14,818	227,876	26,601	21,940
Option Outstanding	2,499,259	197,475	56,626	68,904	14,562	236,281
Weighted average remaining contractual life (years)	0.85	1.85	2.17	2.50	2.86	3.10

Grant Date	**June 1, 2022**	**August 12, 2022**	**October 3, 2022**	**October 20, 2022**	**December 1, 2022**	**June 1, 2023**
Exercise Price	230	230	230	230	363	452
Option Granted	272,545	140,000	50,000	250,000	30,000	208,132
Option vested and exercisable	54,559	17,500	6,250	31,250	7,500	-
Option unvested	151,475	122,500	-	218,750	22,500	179,674
Option exercised	-	-	-	-	-	-
Option cancelled	66,511	-	43,750	-	-	28,458
Option Outstanding	206,034	140,000	6,250	250,000	30,000	179,674
Weighted average remaining contractual life (years)	3.17	3.37	3.51	3.56	3.67	4.17

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Grant Date	**November 7, 2023**	**March 15, 2024**
Exercise Price	452	695
Option Granted	184,536	196,441
Option vested and exercisable	-	-
Option unvested	184,536	196,441
Option exercised	-	-
Option cancelled	-	-
Option Outstanding	184,536	196,441
Weighted average remaining contractual life (years)	4.60	4.96

As on March 31, 2023 (Consolidated)

Grant Date	**February 5, 2020**	**February 5, 2021**	**June 1, 2021**	**October 1, 2021**	**February 8, 2022**	**May 7, 2022**
Exercise Price	152	193	193	230	230	230
Option Granted	3,427,772	464,741	72,623	299,665	41,163	258,221
Option vested and exercisable	1,078,864	139,160	14,451	34,481	6,659	-
Option unvested	1,878,220	235,924	54,467	252,248	34,504	258,221
Option exercised	-	-	-	-	-	-
Option cancelled	482,596	113,563	14,818	51,741	14,531	15,921
Option Outstanding	2,945,176	351,178	57,805	247,924	26,632	242,300
Weighted average remaining contractual life (years)	1.85	2.85	3.17	3.50	3.86	4.10

Grant Date	**June 1, 2022**	**August 12, 2022**	**October 3, 2022**	**October 20, 2022**	**December 1, 2022**
Exercise Price	230	230	230	230	363
Option Granted	272,545	140,000	50,000	250,000	30,000
Option vested and exercisable	-	-	-	-	-
Option unvested	272,545	140,000	50,000	250,000	30,000
Option exercised	-	-	-	-	-
Option cancelled	46,465	-	-	-	-
Option Outstanding	226,080	140,000	50,000	250,000	30,000
Weighted average remaining contractual life (years)	4.17	4.37	4.51	4.56	4.67

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As on March 31, 2022 (Standalone)

Grant Date	**February 5, 2020**	**February 5, 2021**	**June 1, 2021**	**October 1, 2021**	**February 8, 2022**
Exercise Price	152	193	193	230	230
Option Granted	3,427,772	464,741	72,623	299,665	41,163
Option vested and exercisable	745,208	81,533	-	-	-
Option unvested	2,249,755	317,456	72,623	299,665	41,163
Option exercised	-	-	-	-	-
Option cancelled	432,809	65,752	-	-	-
Option Outstanding	2,994,963	398,989	72,623	299,665	41,163
Weighted average remaining contractual life (years)	2.85	3.85	4.17	4.50	4.86

Weighted average fair value of stock options granted during the year is as follows:

Particulars	**FY 2024 (Consolidated)**	**FY 2023 (Consolidated)**	**FY 2022 (Standalone)**
Grant Date	01-Jun-23/ 07-Nov-23/ 15-Mar-24	07-May-22/ 01-Jun-22/ 12-Aug-22/ 03-Oct-22/ 20-Oct-22/ 01-Dec-22	1-Jun-21 / 1-Oct-21 / 8-Feb-22
No. of Option Granted	589,109	1,000,766	413,451
Weighted average fair value Rs.	179.61	98.66	88.22

(All amounts in INR million, unless otherwise stated)

Method used for accounting for share based payment plan

The Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:

Grant Date	February 5, 2020	February 5, 2021	June 1, 2021	October 1, 2021	February 8, 2022	May 7, 2022
Risk Free Interest Rate (%)	6.10	5.48	5.55	5.47	5.47	7.18
Expected life	4 years	4 years	4 years	4 years	4 years	4 years
Expected volatility	17.57	24.53	25.00	24.93	24.93	23.99
Dividend yield	-	-	-	-	-	-
Fair market value at the time of option grant (Rs.)	152	193	193	230	230	230

Grant Date	June 1, 2022	August 12, 2022	October 3, 2022	October 20, 2022	December 1, 2022	June 1, 2023
Risk Free Interest Rate (%)	7.18	7.18	7.24	7.24	7.13	7.24
Expected life	4 years	4 years	4 years	4 years	4 years	4 years
Expected volatility	23.99	23.99	24.15	24.15	24.42	25.01
Dividend yield	-	-	-	-	-	-
Fair market value at the time of option grant (Rs.)	230	230	230	230	363	452

Grant Date	November 7, 2023	March 15, 2024
Risk Free Interest Rate (%)	7.24	6.91
Expected life	4 years	4 years
Expected volatility	25.01	13.38
Dividend yield	-	-
Fair market value at the time of option grant (Rs.)	452	695

The Charge on account of above scheme is included in employee benefit expense aggregating Rs. 74.79 million (FY 2022-23: Rs. 49.02 million and FY 2021-22: Rs. 37.58 million)

(All amounts in INR million, unless otherwise stated)

40 Financial Instruments

40.1 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's Capital Management is to maximize shareholders value and minimise cost of capital. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowings that define capital structure requirements. Breaches in financial covenants would permit the lender to immediately call loans and borrowings.

The Company is subject to capital to risk (weighted) assets ratio ("CRAR") requirements which are prescribed by the RBI. The Company is currently required to maintain a minimum 15% as prescribed under the prudential norms of the RBI under the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended based on the total capital to risk weighted assets as part of the governance policy. We generally maintain capital adequacy higher than the statutorily prescribed CRAR. The CRAR, which was computed on the basis of the applicable RBI requirements for the Company, is as below.

Particulars	As at March 31, 2024*	As at March 31, 2023	As at March 31, 2022
Capital Funds			
Net owned funds (Tier I Capital)	34,986.01	20,764.98	9,605.47
Tier II Capital	760.21	431.96	598.35
Total capital funds	35,746.23	21,196.95	10,203.82
Total risk weighted assets / exposures	129,890.30	85,262.02	44,446.55
% of capital funds to risk weighted assets / exposures			
Tier I capital	26.94%	24.35%	21.61%
Tier II capital	0.58%	0.51%	1.35%
Total Capital (%)	**27.52%**	**24.86%**	**22.96%**

*Adjustment for credit enhancements towards securitisation transactions from Tier I and Tier II capital is capped at the lower of (a) 15% of securitised portfolio outstanding; and (b) outstanding credit enhancements, pursuant to Company's submission to RBI in this regard.

40.2 Fair Value

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the Restated Summary Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Accounting classifications and fair values

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value

As at March 31, 2024 (Consolidated)

Particulars	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Derivative financial instrument - Asset	March 31, 2024	-	3.32	-	**3.32**
Derivative financial instrument - Liability	March 31, 2024	-	116.39	-	**116.39**

As at March 31, 2023 (Consolidated)

Particulars	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Derivative financial instrument - Asset	March 31, 2023	-	147.21	-	**147.21**
Derivative financial instrument - Liability	March 31, 2023	-	-	-	**-**

As at 31 March 2022 (Standalone)

Particulars	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Derivative financial instrument - Asset	March 31, 2022	-	35.10	-	**35.10**
Derivative financial instrument- Liability	March 31, 2022	-	-	-	**-**

Notes:

a) Derivative financial instruments are through FVOCI on account of hedge accounting
b) Derivatives are fair valued using observable foreign exchange rates and interest rates

Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market for example, derivative instruments is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2024, March 31, 2023 and March 31, 2022.

(All amounts in INR million, unless otherwise stated)

40.3 Fair value measurement

Fair value of financial instruments not measured at fair value:

The table below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are measured at amortised cost in the financial statements. Carrying amounts of cash and cash equivalents, trade receivables and trade and other payables as on March 31, 2024, March 31, 2023 and March 31, 2022 approximate the fair value because of their short-term nature. Difference between carrying amount and fair values of bank deposits, other financials assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

As at March 31, 2024 (Consolidated)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financials Assets					
Loans	123,968.20	-	-	126,669.92	126,669.92
Investments	2,431.46	2,431.46	-	-	2,431.46
Financials Liabilities					
Debt securities	30,534.36	-	-	30,309.34	30,309.34
Borrowings (other than debt securities)	70,313.34	-	-	70,262.23	70,262.23
Subordinated Liabilities	504.75	-	-	495.18	495.18

As at March 31, 2023 (Consolidated)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financials Assets					
Loans	83,712.24	-	-	83,859.24	83,859.24
Investments	644.17	644.17		-	644.17
Financials Liabilities					
Debt securities	28,238.75	-	-	28,388.02	28,388.02
Borrowings (other than debt securities)	43,091.77	-	-	43,143.16	43,143.16
Subordinated Liabilities	770.73	-	-	757.13	757.13

As at March 31, 2022 (Standalone)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financials Assets					
Loans	47,159.87	-	-	47,217.74	47,217.74
Investments	127.35	127.35	-	-	127.35
Financials Liabilities					
Debt securities	11,552.95	-	-	11,190.75	11,190.75
Borrowings (other than debt securities)	28,680.34	-	-	28,584.48	28,584.48
Subordinated Liabilities	769.50	-	-	768.86	768.86

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's Restated Summary Statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions explained in notes.

Financial assets at amortised cost

The fair values financial assets measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued debt

The fair value of issued debt is estimated by a discounted cash flow model.

40.4 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Operational risk
- Liquidity risk
- Market risk (including interest rate risk)
- Foreign currency risk and
- Price risk

Risk management framework

Risk management forms an integral part of the Company's business. As a lending institution, the Company is exposed to several risks related to the lending business and operating environment. The Company has established risk management and audit frameworks to identify, assess, monitor and manage various types of internal and external risks. This framework is driven by the Board and senior management through the Audit Committee, Risk Management Committee and the Asset Liability Management Committee. Risk Management Committee inter alia is responsible for review, monitoring and providing oversight on management of risk of the Company.

i) Credit risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Company. In its lending operations, the Company is principally exposed to credit risk.

The credit risk management structure includes separate credit policies and procedures for the Company's business. The credit policies outline the type of products that can be offered, customer categories, the targeted customer profile, prudential limits, exceptional approval metrics etc. and the credit approval process and limits. Credit approvers and relationship managers are responsible for ensuring adherence to these policies.

The Company has structured and standardized credit approval processes which include comprehensive credit risk assessment encompassing analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of the borrower. The credit appraisal process includes identification of underlying risks, mitigating factors and residual risks associated with the customer.

(All amounts in INR million, unless otherwise stated)

Credit exposures are sanctioned based on delegation of credit authority as defined under credit policy. The Company measures, monitors and manages credit risk at an individual / portfolio level for education institute loans and at portfolio level for education loans. Periodic analysis of the credit portfolio is conducted and necessary corrective measures are implemented.

During FY 2023-2024, the Company has refreshed its ECL model considering the observed default data and calibrating its through-the-cycle (TTC) input of defaults for determining the Point-in-time (PIT) PD factor. Impact of such revisions has been incorporated in the ECL as at March 31, 2024.

The Company's current credit risk grading framework comprises the following categories

Category	Description	Basis for recognising expected credit losses
Stage 1	High quality assets	12 Month ECL
Stage 2	Assets for which there is significant increase in credit risk	Lifetime ECL
Stage 3	Credit impaired assets	Lifetime ECL

The key elements in calculation of ECL are as follows

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 PD has been determined based on historical behaviour of the book and roll rates for retail loans.

EAD – The estimated credit exposure at point of 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. The LGD is determined based on valuation of collaterals and other relevant factors.

ii) Operational risk

Operational risk is the risk of loss resulting from inadequate internal processes, people or systems, fraud, or from external events. The Company focuses on management and control of operational risks through a comprehensive system of internal controls and monitoring performance of each function against defined thresholds.

Operational risk management comprises identification and assessment of risks and controls, new products and process approval framework, measurement through operational risk incidents, monitoring through key risk indicators and mitigation through process and control enhancement.

iii) Liquidity risk

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both, the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse products, the Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

We manage liquidity risk 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 (ALCO) of the Company formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

The Company has Rs 4,830 million undrawn lines of credit as of March 31, 2024 as against Rs 6,810 million undrawn lines of credit as of March 31, 2023 and Rs 4,160 million as of March 31, 2022, from its bankers for working capital requirements.

The Company has the right to draw upon these lines of credit based on its requirement and terms of draw down.

Exposure to liquidity risk

The following are the details of the Company's remaining contractual maturities of financial liabilities and assets at the reporting date. The amounts are gross and undiscounted.

March 31, 2024 (Consolidated)	Contractual cash flows				
	Total	0 - 1 year	1 - 3 years	3 - 5 years	More than 5 years
Financial liabilities					
Derivative financial instruments	116.39	-	-	-	116.39
Trade payables	751.07	751.07	-	-	-
Debt securities	34,451.60	14,226.61	19,927.99	297.00	-
Borrowings (other than debt securities)	85,168.72	24,325.57	45,691.88	14,088.53	1,062.74
Subordinated liabilities	672.27	47.13	94.25	530.89	-
Other financial liabilities	4,250.17	3,237.08	16.03	-	997.06
Total	**125,410.22**	**42,587.46**	**65,730.15**	**14,916.42**	**2,176.19**
Financial Assets					
Derivative financial instruments	3.32	-	-	-	3.32
Cash and cash equivalents	13,007.60	13,007.60	-	-	-
Other bank balances	2,296.07	2,019.54	30.90	-	245.63
Loans	228,535.66	11,611.42	41,181.72	57,599.43	118,143.09
Investments	2,431.46	2,431.46	-	-	-
Trade receivables	91.94	91.94	-	-	-
Other financial assets	145.04	30.88	11.68	63.26	39.22
Total	**246,511.09**	**29,192.84**	**41,224.30**	**57,662.69**	**118,431.26**

(All amounts in INR million, unless otherwise stated)

March 31, 2023 (Consolidated)	**Contractual cash flows**				
	Total	**0 - 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Financial liabilities					
Derivative financial instruments	-	-	-	-	-
Trade payables	547.37	547.37	-	-	-
Debt securities	32,017.76	10,497.65	20,889.73	630.38	-
Borrowings (other than debt securities)	51,594.14	12,837.08	25,535.97	12,095.45	1,125.64
Subordinated liabilities	1,007.57	73.30	360.67	573.60	-
Other financial liabilities	3,053.83	1,452.71	11.65	-	1,589.47
Total	**88,220.67**	**25,408.11**	**46,798.02**	**13,299.43**	**2,715.11**
Financial Assets					
Derivative financial instruments	147.21	-	-	-	147.21
Cash and cash equivalents	7,870.77	7,870.77	-	-	-
Other bank balances	3,428.18	3,100.31	-	-	327.87
Loans	161,783.18	15,249.50	27,104.81	36,813.62	82,615.25
Investments	644.17	644.17	-	-	-
Trade receivables	83.30	83.30	-	-	-
Other financial assets	593.86	538.35	32.17	23.34	-
Total	**174,550.67**	**27,486.40**	**27,136.98**	**36,836.96**	**83,090.33**

March 31, 2022 (Standalone)	**Contractual cash flows**				
	Total	**0 - 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Financial liabilities					
Derivative financial instruments	-	-	-	-	-
Trade payables	341.65	341.65	-	-	-
Debt securities	13,446.71	5,324.17	6,181.85	1,940.69	-
Borrowings (other than debt securities)	34,756.97	8,592.39	14,498.93	9,176.64	2,489.01
Subordinated liabilities	1,035.41	73.38	386.97	94.25	480.81
Other financial liabilities	3,006.34	2,204.95	-	-	801.39
Total	**52,587.08**	**16,536.54**	**21,067.75**	**11,211.58**	**3,771.21**
Financial Assets					
Derivative financial instruments	35.10	-	-	-	35.10
Cash and cash equivalents	3,252.67	3,252.67	-	-	-
Other bank balances	3,321.65	2,828.32	233.47	-	259.86
Loans	78,544.28	10,763.98	15,724.72	18,754.40	33,301.18
Investments	127.35	127.35	-	-	-
Trade receivables	26.92	26.92	-	-	-
Other financial assets	34.56	4.88	24.63	3.36	1.69
Total	**85,342.53**	**17,004.12**	**15,982.82**	**18,757.76**	**33,597.83**

The gross inflows disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

iv) Market risk (interest risk)

The Company is exposed to interest rate risk as it has assets and liabilities based on floating and fixed interest rates. The Company has an approved Asset and Liability Management Policy which empowers the Asset and Liability Management Committee (ALCO) to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis and decides on the asset profile and the appropriate funding mix. The ALCO reviews the interest rate gap statement and the interest rate sensitivity analysis.

Exposure to interest rate risk

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Particulars	**March 31, 2024 (Consolidated)**	**March 31, 2023 (Consolidated)**	**March 31, 2022 (Standalone)**
Financial assets			
Fixed-rate instruments			
Term loans	2,258.55	7,979.39	4,858.33
Investment in treasury bill	2,431.46	644.17	127.35
Floating-rate instruments			
Term loans	121,709.65	75,732.86	42,301.54
Total	**126,399.66**	**84,356.42**	**47,287.22**
Financial liabilities			
Fixed-rate instruments			
Non convertible debentures (secured)	18,502.04	23,226.61	9,802.67
Commercial paper	-	-	247.85
Loan from Banks	-	61.04	122.09
Loan from Financial Institution	1,000.61	90.35	576.48
Securitisation liabilities	1,255.29	2,739.46	4,893.25
External commercial borrowing	8,345.00	-	-
Non convertible debentures (unsecured)	504.75	770.73	769.50
Floating-rate instruments			
Non convertible debentures (secured)	12,032.32	5,012.14	1,502.43
Loan from Banks	57,336.93	37,153.11	20,969.55
Loan from Financial Institution	876.97	1,417.95	818.44
Cash Credit from Banks	162.87	-	200.00
Securitisation liabilities	383.48	540.69	-
External commercial borrowing	952.19	1,089.17	1,100.53
Total	**101,352.45**	**72,101.25**	**41,002.79**

(All amounts in INR million, unless otherwise stated)

Fair value sensitivity analysis for Floating-rate instruments

The sensitivity analysis below has been determined based on exposure to the interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in case of instruments that have floating rates.

If interest rates had been 100 basis points higher or lower and all other variables were constant, the Company's profit before tax would have changed by the following:

Particulars	March 31, 2024 (Consolidated)		March 31, 2023 (Consolidated)		March 31, 2022 (Standalone)	
	100 bps higher	100 bps lower	100 bps higher	100 bps lower	100 bps higher	100 bps lower
Floating rate loans						
Term loans	1,217.10	(1,217.10)	757.33	(757.33)	423.02	(423.02)
Floating rate borrowings						
Non convertible debentures (secured)	(120.32)	120.32	(50.12)	50.12	(15.02)	15.02
Loan from Banks	(573.37)	573.37	(371.53)	371.53	(209.70)	209.70
Loan from Financial Institution	(8.77)	8.77	(14.18)	14.18	(8.18)	8.18
Cash Credit from Banks	(1.63)	1.63	-	-	(2.00)	2.00
Securitisation liabilities	(3.83)	3.83	(5.41)	5.41	-	-
External commercial borrowing	(9.52)	9.52	(10.89)	10.89	(11.01)	11.01
	499.66	**(499.66)**	**305.20**	**(305.20)**	**177.11**	**(177.11)**

(All amounts in INR million, unless otherwise stated)

v) Foreign Currency Risk

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Cash Flow Hedge

The impact of the hedging instrument and hedged item on the Restated Summary Statement of Assets and Liabilities:

Hedging Instrument

Disclosure of effects of hedge accounting on financial position

Type of hedge and risks	Nominal amount		Carrying amount of hedging instruments		Maturity Date	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line in the Restated Summary Statement of Assets and Liabilities
Cash flow hedge- Foreign exchange forward contracts (Cross currency interest rate swaps)	**Assets**	**Liabilities**	**Assets**	**Liabilities**				
March 31, 2024 (Consolidated)								
INR USD - Cross currency swap	-	9,423.47	3.32	116.39	June 20, 2030 December 26, 2036	3.32	(1,117.09)	Derivative Financial Instruments
March 31, 2023 (Consolidated)								
INR USD - Cross currency swap	-	1,001.31	147.21	-	June 20, 2030	112.11	115.68	Derivative Financial Instruments
March 31, 2022 (Standalone)								
INR USD - Cross currency swap	-	1,104.89	35.10	-	June 20, 2030	54.13	(20.35)	Derivative Financial Instruments

Disclosure of effects of hedge accounting on financial performance

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive Income	Hedge ineffectiveness recognised in Restated Summary Statement of Profit and Loss (including other comprehensive income)	Amount reclassified from cash flow hedge reserve to Restated Summary Statement of Profit and Loss (including other comprehensive income)	Line item affected in Restated Summary Statement of Profit and Loss (including other comprehensive income) because of the reclassification
Cash flow hedge- Foreign exchange risk and interest rate risk				
March 31, 2024 (Consolidated)	(132.62)	-	-	-
March 31, 2023 (Consolidated)	28.41	-	-	-
March 31, 2022 (Standalone)	13.89	-	-	-

(vi) Price Risk

The Company is not exposed to any other price risk.

(All amounts in INR million, unless otherwise stated)

40A. Additional information as required by paragraph 2 of General Instruction for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

March 31, 2024 (Consolidated)

Name of Entity	Net assets i.e Total Assets minus Total Liabilities		Share of Profit / (Loss)		Share of other comprehensive income		Share of total comprehensive income	
	As % of consolidated net asset	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Avanse Financial Services Limited		36,765.54		3,425.71		(100.59)		3,325.12
(Add) / Less: Inter company eliminations		(266.48)		(0.82)		(0.05)		(0.87)
Net of eliminations	**99.27%**	**36,499.06**	**100.07%**	**3,426.53**	**103.58%**	**(100.54)**	**99.97%**	**3,325.99**
Subsidiary - Indian								
Avanse Global Finance IFSC Private Limited	0.73%	268.11	(0.07%)	(2.50)	(3.58%)	3.48	0.03%	0.98
Total	**100.00%**	**36,767.17**	**100.00%**	**3,424.03**	**100.00%**	**(97.06)**	**100.00%**	**3,326.97**

March 31, 2023 (Consolidated)

Name of Entity	Net assets i.e Total Assets minus Total Liabilities		Share of Profit / (Loss)		Share of other comprehensive income		Share of total comprehensive income	
	As % of consolidated net asset	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Avanse Financial Services Limited		21,497.46		1,577.35		23.04		1,600.39
(Add) / Less: Inter company eliminations		-		-		-		-
Net of eliminations	**100.00%**	**21,497.46**	**100.01%**	**1,577.35**	**100.00%**	**23.04**	**100.02%**	**1,600.39**
Subsidiary - Indian								
Avanse Global Finance IFSC Private Limited	0.00%	(0.24)	(0.01%)	(0.24)	0.00%	-	(0.02%)	(0.24)
Total	**100.00%**	**21,497.22**	**100.00%**	**1,577.11**	**100.00%**	**23.04**	**100.00%**	**1,600.15**

Note: The disclosure for the year ended on March 31, 2022 is not provided as it pertains to a standalone financial statement. However, disclosures for year ended March 31, 2023 and March 31, 2024 are incorporated due to consolidation.

AVANSE FINANCIAL SERVICES LIMITED
Annexure V- Statement of material accounting policies and explanatory notes
(All amounts in INR million, unless otherwise stated)

41 The below disclosures required pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (as amended) and other related circulars.

41.01 Disclosure requirements as per RBI circular dated March 13, 2020 having reference number RBI/2019-20/170 , DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 as per para 2 of Prudential Floor of ECL

March 31, 2022 (Standalone)

Asset Classification as per RBI Norms	Asset Classification as per RBI Norms	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
Performing assets						
Standard	Stage 1	45,281.42	178.27	45,103.15	181.12	(2.85)
	Stage 2	1,999.77	194.94	1,804.83	138.72	56.22
Subtotal		**47,281.19**	**373.21**	**46,907.98**	**319.84**	**53.37**
Non-Performing Assets						
Substandard	Stage 3	186.24	100.80	85.44	18.62	82.18
Doubtful						
Upto 1 year	Stage 3	143.21	86.96	56.25	87.98	(1.02)
1 to 3 years	Stage 3	282.25	176.01	106.24	179.90	(3.89)
More than 3 years	Stage 3	7.29	3.35	3.94	4.56	(1.21)
Subtotal for doubtful		**432.75**	**266.32**	**166.44**	**272.44**	**(6.12)**
Loss Assets	Stage 3	-	-	-	-	-
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	45,281.42	178.27	45,103.15	181.12	(2.85)
	Stage 2	1,999.77	194.94	1,804.83	138.72	56.22
	Stage 3	618.99	367.12	251.88	291.06	76.06
		47,900.18	**740.33**	**47,159.86**	**610.90**	**129.43**

Notes : The Company has made provision for expected credit loss as per the requirements of the Indian Accounting Standards which is higher than that required by the aforesaid RBI circular.

(All amounts in INR million, unless otherwise stated)

Disclosures on COVID19 Regulatory Package - Asset Classification and Provisioning, in terms of RBI circular RBI/2019-20/220/DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 ("RBI Circular")

Period	**Respective amounts in SMA/overdue categories, where the moratorium/ deferment was extended, in terms of paragraph 2 and 3 of RBI Circular**	**Respective amount where asset classification benefits is extended**	**Provisions made in terms of paragraph 5 of RBI Circular**	**Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of RBI Circular**
Overdue as on February 29, 2020	351.66	351.66	17.58	9.28

41.02 Interest on interest:

(i) In light of the Ministry of Finance's circular dated October 23, 2020, the Company has determined interest on interest for the moratorium period from March 01, 2020 to August 31, 2020 aggregating Rs. 32.08 million payable to all customers having an outstanding balance as on February 29, 2020 of up to Rs. 20 million and irrespective of whether these customers have availed moratorium or not. The Company has given credit / refunded the above amounts to the respective customer account and has filed a claim as per aforesaid circular and have recorded a receivable from government.

(ii) Further, in light of the recent Supreme Court Judgement dated March 23, 2021 and RBI Circular dated April 7, 2021, the Company has accounted a liability for Rs. 7.83 million towards customers other than those covered above in respect of interest on interest / penal interest charged by the Company. Out of this, Rs. 1.96 million is in respect of assigned portfolio and hence accounted as recoverable from the assignees. Balance amount has been charged to the Restated Summary Statement of Profit and Loss (including other

(All amounts in INR million, unless otherwise stated)

41.03 Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001 /2019-20 dated 4th November 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies

Qualitative Disclosure on Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) is a global minimum standard to measure the liquidity position in a stress scenario. LCR will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. HQLA refers to the category of liquid assets that can be readily sold or immediately converted into cash at a little loss of value or used as collateral to obtain funds in a range of stress scenarios. LCR is calculated by dividing the stock of HQLA's by its total net cash outflow over a 30 day calendar period.

The Company has adopted the liquidity risk management framework as required under RBI guidelines. It ensures a sound and robust liquidity risk management system by maintaining sufficient liquidity through inclusion of a cushion of unencumbered, HQLA's to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Board of Directors have delegated responsibility of balance sheet Liquidity Risk Management to the Asset Liability Committee.

The LCR is calculated by dividing Company's stock of HQLA by it's total net cash outflows over a 30 day stress period. The guidelines for LCR were effective from 1st December 2020 with the minimum LCR to be 30%, progressively increasing, till it reaches the required level of 100% by 1st December, 2024 as follows:

From	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Minimum LCR	30%	50%	60%	85%	100%

In order to determine HQLA, the Company considers Cash and Bank Balances, Investment in Treasury bills without any haircut. In order to determine net cash outflows, the Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per guidelines, stressed cash flows is to be computed by assigning a predefined stress percentages to the overall cash outflows (i.e. 115%) and cash inflows (with haircut of 25%). Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows, 75% of stressed outflow. Accordingly, LCR would be computed by dividing the Company's stock of HQLA by it's total net cash outflow.

Cash outflow under secured wholesale funding includes contractual obligations under Term loans, NCDs, Interest payable within 30 days. Outflow under other collateral requirement, the Company considers the loans which are callable under rating downgrade trigger up to and including 3 notch downgrade. Outflow under other contractual funding obligations primarily includes outflow on account of overdrawn balances with Banks and sundry payables. In order to determine inflow from fully performing exposures, the Company considers the contractual repayments from performing advances in next 30 days. Other Cash inflows includes investments in liquid mutual funds, and other assets which are maturing within 30 days.

AVANSE FINANCIAL SERVICES LIMITED
Annexure V- Statement of material accounting policies and explanatory notes
(All amounts in INR million, unless otherwise stated)

Quantitative disclosure on Liquidity Coverage Ratio (LCR) for year ended 31 March 2022 is given below:

	Quarter ended 31-Mar-22		Quarter ended 31-Dec-21		Quarter ended 30-Sep-21		Quarter ended 30-Jun-21	
	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average	Unweighted value-average	Weighted value-average
High quality liquid assets								
1. Total high quality liquid assets	**928.07**	**928.07**	**1,461.99**	**1,461.99**	**1,238.08**	**1,238.08**	**895.70**	**895.70**
(i) Cash & Bank balances	896.23	896.23	1,461.99	1,461.99	1,238.08	1,238.08	895.70	895.70
(ii) Investment in T-Bills	31.84	31.84	-	-	-	-	-	-
Cash outflows								
2. Term loans	-	-	-	-	-	-	-	-
3. Debts	-	-	-	-	-	-	-	-
4. Other contractual funding obiligations	2,601.70	2,991.96	3,082.85	3,545.28	891.27	1,024.96	3,278.27	3,770.01
5. Other non financial liabilities	496.56	571.04	-	-	1,432.66	1,647.56	-	-
Total cash outflows	**3,098.26**	**3,563.00**	**3,082.85**	**3,545.28**	**2,323.93**	**2,672.52**	**3,278.27**	**3,770.01**
Cash inflows								
6. Loans		-		-		-		-
7. Inflows from fully performing exposures	590.48	442.86	914.60	685.95	748.64	561.48	929.29	696.96
8. Other cash inflows	9,773.54	7,330.15	8,540.44	6,405.33	3,726.98	2,795.24	4,695.22	3,521.42
Total cash inflows	**10,364.02**	**7,773.01**	**9,455.04**	**7,091.28**	**4,475.62**	**3,356.72**	**5,624.51**	**4,218.38**
	Total adjusted value		**Total adjusted value**		**Total adjusted value**		**Total adjusted value**	
Total HQLA		**928.07**		**1,461.99**		**1,238.08**		**895.70**
Total Net Cash Outflows		**890.75**		**886.32**		**668.13**		**942.50**
Liquidity Coverage Ratio (%)		**104.19%**		**164.95%**		**185.31%**		**95.03%**

Note: The figures above are excluding interest.

(All amounts in INR million, unless otherwise stated)

Corporate Governance and Disclosure Norms for NBFCs:
As stipulated in Annexure 4 of Circular No. DNBR (PD) CC No. 002/03.10.001/2014-15, dated November 10, 2014

41.04 Capital Risk Adequacy Ratio (CRAR)

Particulars	As at March 31, 2022 (Standalone)
Capital Funds	
Net owned funds (Tier I Capital)	9,605.47
Tier II Capital	598.35
Total capital funds	10,203.82
Total risk weighted assets / exposures	44,446.55
% of capital funds to risk weighted assets / exposures	
Tier I capital	21.61%
Tier II capital	1.35%
Total capital funds	22.96%

41.05 Exposures

I	Exposure to Real Estate Sector	As at March 31, 2022 (Standalone)
a)	**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; (Individual housing loans up to 1.5 may be shown separately)	4,552.37
(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 (NFB) limits;	-
(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures-**	
	a) Residential,	-
	b) Commercial Real Estate.	-
b)	**Indirect Exposure**	
	Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-
	Total Exposure to Real Estate	**4,552.37**

Note: In line with RBI Circular dated September 9, 2009 on Classification of Exposure as Commercial Real Estate (CRE) by Banks, an exposure would be classified as ‘CRE’ only if the repayment of loan is dependent on the cash flows generated from real estate asset (e.g. rentals/sales proceeds). However, the primary source of repayments in case of Education Institution Loans and Loans Against Property are the cash flows generated from business operations (e.g. Tuition Fees / School Fees / Business income etc.) and not from rentals / sale proceeds. Hence, such exposures shall not be categorised as ‘CRE’ and accordingly relevant disclosure is being reflected and reported as ‘NIL’.

II	Exposure to Capital Market	As at March 31, 2022 (Standalone)
(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	**-**

III	**Details of financing of parent company products**	-
IV	**Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC**	-
V	**Unsecured Advances**	
	Amount of advances given against intangible securities	-

41.06 Derivatives

Interest rate swap	As at March 31, 2022 (Standalone)
The notional principal of swap agreements	1,104.90
Losses which would be incurred if counterparties failed to fulfil their obiligations under the agreements	31.99
Collateral required by the NBFC upon entering into swaps	-

(All amounts in INR million, unless otherwise stated)

41.07 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities:

March 31, 2022 (Standalone)

Particulars	Upto 30 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Liabilities									
Borrowing from Banks / Financial Institutions	323.71	185.60	739.89	1,179.43	2,328.24	8,894.05	6,062.50	1,583.02	21,296.44
	(260.08)	(159.61)	(489.37)	(972.97)	(1,479.08)	(5,346.13)	(2,769.70)	(556.15)	(12,033.09)
Market Borrowings	32.82	282.77	69.41	474.88	3,867.96	6,209.03	2,265.63	516.91	13,719.41
	(24.55)	(24.62)	(3,024.69)	(2,952.86)	(1,760.65)	(1,726.97)	(400.00)	(446.11)	(10,360.45)
Foreign currency liabilities	-	-	3.23	34.53	69.06	241.70	276.23	475.80	1,100.55
	(-)	(-)	(2.94)	(-)	(-)	(241.70)	(276.23)	(531.37)	(1,052.24)
Assets									
Loans	590.49	589.78	567.29	1,596.94	1,674.45	5,485.78	10,676.52	25,674.00	46,855.25
	(872.75)	(671.54)	(654.40)	(1,892.62)	(3,497.50)	(14,214.66)	(6,325.80)	(1,132.39)	(29,261.66)
Investments	-	-	-	100.00	30.00	-	-	-	130.00
	(550.21)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(550.21)

(Previous years figures are denoted in brackets).

Notes:

a) Information on maturity pattern of advances for which there are no specified repayment terms are based on the reasonable assumptions.

b) The above statement includes only certain items of assets and liabilities (as stipulated in Annexure 4 of Circular No. DNBR (PD) CC No. 002/03.10.001/2014-15, dated November 10, 2014) and therefore does not reflect the complete asset liability maturity pattern of the Company.

c) Above maturity pattern is after considering the impact of Moratorium benefit extended by the Company to the customers, if any.

AVANSE FINANCIAL SERVICES LIMITED
Annexure V- Statement of material accounting policies and explanatory notes
(All amounts in INR million, unless otherwise stated)

41.08	**Particulars**		
March 31, 2022	**Liabilities side**	**Amount outstanding**	**Amount overdue**
(I)	**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:**		
(a)	Debentures		
	(i) Secured	11,305.10	-
		(8,968.66)	(-)
	(ii) Unsecured (other than falling within the meaning of public deposits)	769.50	-
		(768.20)	(-)
(b)	Deferred Credits	-	-
		(-)	(-)
(c)	Term Loans	22,486.56	-
		(12,457.85)	(-)
(d)	Inter-corporate loans and borrowing	-	-
		-	(-)
(e)	Commercial Paper (net of unamortised discount)	247.85	-
		(-)	(-)
(f)	Other Loans (Please Specify)		
	External commercial borrowing	1,100.53	-
		(1,052.23)	(-)
	Cash Credits	200.00	-
		(198.81)	(-)
March 31, 2022	**Assets side**		**Amount outstanding**
(II)	**Break up of Loans and Advances including bills receivables (other than those included in (IV) below):**		
(a)	Secured		18,300.19
			(14,615.61)
(b)	Unsecured		29,600.00
			(15,286.64)
(III)	**Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:**		
(a)	Lease assets including lease rentals under sundry debtors:		
	(i) Financial Lease		-
			(-)
	(ii) Operating Lease		-
			(-)
(b)	Stock on hire including hire charges under sundry debtors:		-
	(i) Assets on hire		(-)
			-
	(ii) Repossessed Assets		(-)
			-
(c)	Other loans counting towards AFC activities:		(-)
	(i) Loans where assets have been repossessed		-
			(-)
	(ii) Loans other than (a) above		-
			(-)
(IV)	**Break – up of Investments:**		
(a)	Current Investments:		
	1. Quoted:		
	(i) Shares:		
	(a) Equity		-
			(-)
	(b) Preference		-
			(-)
	(ii) Debentures and Bonds		-
			(-)
	(iii) Units of Mutual Funds		-
			(550.21)
	(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) Treasury Bills		127.35
			(-)
	(vi) Others (Please Specify)		-
			(-)

(All amounts in INR million, unless otherwise stated)

(b)	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	- (-)

(V)	**Borrower group – wise classification of assets financed as in (II) and (III) above:**			
March 31, 2022				
		Amount net of provisions		
	Category	**Secured**	**Unsecured**	**Total**
(a)	Related Parties			
	(i) Subsidiaries	- (-)	- (-)	- (-)
	(ii) Companies in the same group	- (-)	- (-)	- (-)
	(iii) Other related parties	- (-)	- (-)	- (-)
(b)	Other than related parties	18,300.19 (14,615.61)	29,600.00 (15,286.64)	47,900.19 (29,902.25)
		18,300.19 (14,615.61)	**29,600.00** (15,286.64)	**47,900.19** (29,902.25)
	Less: Provision for non-performing assets	468.42 (290.66)	271.90 (303.13)	740.32 (593.79)
	Total	**17,831.77** (14,324.95)	**29,328.10** (14,983.51)	**47,159.87** (29,308.46)

(VI)	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**		
March 31, 2022	**Category**	**Market Value/ Break-up or fair value or NAV**	**Book Value (Net of Provisions)**
(a)	Related Parties		
	(i) Subsidiaries	- (-)	- (-)
	(ii) Companies in the same group		
	(iii) Other related parties	- (-)	- (-)
(b)	Other than related parties	127.35 (550.21)	127.35 (550.00)
	Total	**127.35** -	**127.35** -

(All amounts in INR million, unless otherwise stated)

(VII)	**Other Information:**	
March 31, 2022		
	Particulars	**Amount**
(a)	Gross Non – Performing Assets	
	(i) Related Parties	- (-)
	(ii) Other than related parties	618.99 (513.67)
(b)	Net Non – Performing Assets	
	(i) Related Parties	- (-)
	(ii) Other than related parties	251.88 (127.53)
(c)	Assets acquired in satisfaction of debt	- (-)

(Previous years figures are denoted in brackets)

41.09 Disclosure on restructuring pursuant to Reserve Bank of India notification DNBS.CO. PD. No. 367/03.10.01/2013-14 dated 23rd January 2014:

As at March 31, 2022 (Standalone)

Type of restructuring				
Asset classification details		**Low credit risk & significant increase in credit risk**	**Credit Impaired**	**Total**
Restructured accounts as on April 01, 2021	No of borrowers	208	-	208
	Amount outstanding	1,067.017	-	1,067.017
	Provision thereon	84.003	-	84.003
Fresh resturcturing during the year	No of borrowers	242	-	242
	Amount outstanding	762.18	-	762.18
	Provision thereon	172.87	-	172.87
Upgradations to restructured standard category during the year	No of borrowers	-	-	-
	Amount outstanding	-	-	-
	Provision thereon	-	-	-
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	-	-	-
Downgradation of restructured accounts during the year	No of borrowers	-	-	-
	Amount outstanding	-	-	-
	Provision thereon	-	-	-
Write offs of restructured accounts during the year	No of borrowers	-	-	-
	Amount outstanding	-	-	-
	Provision thereon	-	-	-
Restructured accounts as on March 31, 2022	No of borrowers	450	-	450
	Amount outstanding	1,829.20	-	1,829.20
	Provision thereon	256.87	-	256.87

41.10 Disclosure pursuant to Resolution Framework for COVID-19 related stress

Information as required by Reserve Bank of India Circular on Resolution Framework for COVID-19 related Stress dated 6 August 2020 and Resolution Framework - 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses dated 5 May 2021:

March 31, 2022 (Standalone)

Type of Borrower	**(A) Number of accounts where resolution plan has been implemented under this window**	**(B) exposure to accounts mentioned at (A) before implementation of the plan**	**(C) Of (B), aggregate amount of debt that was converted into other securities**	**(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation**	**(E) Increase in provisions on account of the implementation of the resolution plan**
Personal Loans	214	577.81	-	-	59.86
of which MSMEs	-	-	-	-	-
*MSME<25crs	236	1,236.32	-	-	197.01
Others	-	-	-	-	-
Total	**450**	**1,814.13**	**-**	**-**	**256.87**

* MSME loans comprise of loans given to certain borrower class based on the assessment performed by the Management which includes financial information, business purpose etc of the borrower

(All amounts in INR million, unless otherwise stated)

41.11 Details of outstanding amount of securitised assets as per books of the SPVs sponsored by the Company and the total amount of exposures retained by the Company as on March 31, 2022 towards the Minimum Retention Requirements (MRR):

Sr.No.	Particulars	As at March 31, 2022 (Standalone)
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)	5
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	**4,885.85**
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	776.09
a	Off balance sheet exposures	
	* First Loss	
	* Others	
b	On Balance sheet exposures	**776.09**
	* First Loss	259.86
	* Others	516.23
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	**45.36**
	i) Exposure to own securitisations	45.36
	* First loss	45.36
	* 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	
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	
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.	
a	Amount paid	
b	Repayment received	
c	Outstanding amount	
8	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc.	
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.	
a	Amount	
b	Number	
10	Investor complaints	
a	Directly/Indirectly received - Count	
	Directly/Indirectly received - Amount	
b	Complaints outstanding - Count	
	Complaints outstanding - Amount	

41.12 Details of assignment transactions undertaken by NBFC during the year:

Sr.No.	Particulars	As at March 31, 2022
1	No. of accounts	-
2	Aggregate value (net of provisions) of accounts sold	-
3	Aggregate consideration	-
4	Additional consideration realised in respect of accounts transferred in earlier years	-
5	Aggregate gain / loss over net book value	-
	No assignement transactions were undertaken during the financial year 2020-21.	

(All amounts in INR million, unless otherwise stated)

41.13 Investments

	Particulars	As at March 31, 2022 (Standalone)
(1)	**Value of Investments**	
(i)	Gross Value of Investments	
	(a) in India	127.35
	(b) outside India	-
(ii)	Provision for depreciation	
	(a) in India	-
	(b) outside India	-
(iii)	Net Value of Investments	
	(a) in India	127.35
	(b) outside India	-
(2)	**Movement of provisions held towards depreciation on investments**	
(i)	Opening balances	-
(ii)	Add : Provisions made during the year	-
(iii)	Less : Write-off / write-back of excess provisions during the year	-
(iv)	Closing balance	-

41.14 Additional & Miscellaneous Disclosures:

(I) Registration obtained from other financial sector regulators
Company has not registered with other financial sector regulators except with Insurance Regulatory and Development Authority of India (IRDAI)

(II) Disclosure of Penalties imposed by RBI and other regulators
There are no Penalties imposed by RBI and other regulators for the year ended March 31, 2022.

(III) Ratings assigned by credit rating agencies and migration of ratings during the year:

FY 2021-22 (Standalone)

Rating particulars	Date of rating	Rating Agency	Rating assigned
Short Term Debt Programme			
Commercial Paper		CARE Limited	CARE A1+
Long Term Debt Programme			
Non-Convertible Debentures		Brickwork Ratings India Pvt. Ltd.	BWR A+
		CARE Limited	CARE A+
Loan Facility		CARE Limited	CARE A+

(IV) Net Profit or Loss for the period, prior period items and changes in accounting policies:
There are no prior period items and changes in accounting policies impacting net profit for the year ended March 31, 2022.

(V) Revenue Recognition:
Revenue Recognition has not been postponed on account of pending resolution of significant uncertainties in respect of any revenue streams of the Company.

(VI) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head expenses in the Restated Summary Statement of Profit and Loss (including other comprehensive income)	For the Year Ended March 31, 2022 (Standalone)
Provisions for depreciation on Investment	-
Provision towards NPA / ECL stage 3	(19.04)
Provision made towards Income tax	298.34
Other Provision and Contingencies (with details)	-
Provision for standard assets / ECL stage 1 & stage 2	165.57
*Other provisions and contingencies	
Provision for gratuity expense	
Provision for compensated absences	
Provision for ESOP	

(VII)		
(VII)	**Draw Down from Reserves**	Nil

(All amounts in INR million, unless otherwise stated)

(VIII) Concentration of Deposits, Advances, Exposures and NPAs

(a) **Concentration of Deposits (for deposit taking NBFCs)**

Total Deposits of twenty largest depositors	NA
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	NA

(b) **Concentration of Advances**

Total advances to twenty largest borrowers	1,510.57
Percentage of advances to twenty largest borrowers to total advances of the NBFC	3.15%

(c) **Concentration of Exposures**

Total exposure to twenty largest borrowers / customers	1,553.05
Percentage of Exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	2.94%

(d) **Concentration of NPAs**

Total exposure to top four NPA accounts	122.60

(e) **Percentage of NPAs to Total Advances in that sector**

Sector	**As at March 31, 2022 (Standalone)**
Agriculture & allied activities	
MSME	43.29%
Corporate borrowers	19.16%
Services	
Unsecured personal loans	0.18%
Auto loans	
Other Services	1.11%

(IX)	**Movement of NPAs**	**As at March 31, 2022 (Standalone)**
(i)	**Net NPAs to Net Advances (%)**	0.53%
(ii)	**Movement of NPAs (Gross)**	
	(a) Opening balance	513.67
	(b) Additions during the year	237.83
	(c) Reductions during the year	(132.51)
	(d) Closing balance	618.99
(iii)	**Movement of Net NPAs**	
	(a) Opening balance	127.53
	(b) Additions during the year	214.69
	(c) Reductions during the year	(90.35)
	(d) Closing balance	251.87
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets)**	
	(a) Opening balance	386.14
	(b) Provisions made during the year	23.14
	(c) Write-off / write-back of excess provisions	(42.16)
	(d) Closing balance	367.12

(X) Disclosure of Customers Complaints

Sr. No.	**Particulars**	**As at March 31, 2022 (Standalone)**
1	**Number of complaints pending at beginning of the year**	1
2	**Number of complaints received during the year**	101
3	**Number of complaints disposed during the year**	101
3.1	Of which, number of complaints rejected by the NBFC	-
4	**Number of complaints pending at the end of the year**	1

(XI) Disclosure in respect of derivatives, securitisation transactions, consolidated financial statements, overseas assets (for those with joint ventures and subsidiaries abroad), off balance sheet SPV's sponsored are not applicable for the year to the Company.

(XII) (Disclosure requirements as per RBI circular dated November 04, 2019 having reference number RBI/2019-20/88, DOR.NBFC(PD) CC. No.102/03.10.001/2019-20 regarding Guidelines on Liquidity Risk Management Framework)

a Funding concentration based on significant counterparty (both deposits and borrowings)

As at 31 March 2022 (Standalone)

Sr. No.	Number of significant counterparties	Rupees in Million	% of Total Deposits	% of Total Liabilities
1	26	29,869.48	Not Applicable	67.22%

b Top 20 large Deposits (Rupees in Million and % of total deposits)

Not applicable. The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India, does not accept public deposits.

c Top 10 borrowings (Rupees in Million and % of total borrowings)

Particulars	As at March 31, 2022 (Standalone)
Rupees in Million	18,612.87
% of total borrowiings	51.95%

d Funding concentration bases on significant instrument / product

Sr. No.	Name of the Instrument / Product	As at March 31, 2022 (Standalone)	
		Rupees in Million	% of Total liabilities
1	Term loans from banks	21,426.59	48.22%
2	Term loans from Financial Institution	1,397.80	3.15%
3	Non- Convertible Debentures	10,900.00	24.53%
4	Subordinated Debt	750.00	1.69%
5	Commercial Paper	250.00	0.56%
6	External Commercial Borrowings	1,104.90	2.49%

e Stock Ratios:

Sr. No.	Name of the Instrument / Product	% of Total Public Funds	% of Total Liabilities	% of Total Assets
a	Commercial Papers	0.70%	0.56%	0.46%
b	Non Covertible Debentures	32.52%	26.22%	21.36%
c	Other Short Term Liabilities	36.21%	29.14%	23.74%
d	Long Term Assets	119.23%	96.14%	78.34%

f Institutional set-up for liquidity risk management

The Board of Directors is responsible for establishing and reviewing the ALM & Risk management Policies. Towards this end, the Board has established an ALM Committee (ALCO), which has been delegated the authority to manage funds and to match the Assets and the Liabilities in terms of their maturities and interest rate sensitivities, so that the risk arising from such mismatches can be contained within the desired limit. Similarly, the Board has also constituted Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various risks, including liquidity risk, faced by the Company. ALCO and RMC meetings are conducted at a frequency which is warranted from time to time with minimum frequency of once in a quarter. The board reviews the minutes of the ALCO & RMC meetings and additional summarized information on a quarterly basis. If necessary the Board also recommends the actions that are in the best interest of the company.

(All amounts in INR million, unless otherwise stated)

(XIII) Other statutory information w.r.t. year ended March 31, 2024 (Consolidated), 2023 (Consolidated) and 2022 (Standalone)

a The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

b The Group has not been declared as a Wilful defaulter by any bank or financial Institution or other lender.

c The Group does not have any charges or satisfactions, which are yet to be registered with ROC beyond the statutory period.

d The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

e The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

f The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

g The Group 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.

h During the year the quarterly returns or statements of current assets filed by the Group with banks or financial institutions are in agreement with the books of accounts.

i The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

j **Key Financial Ratios:**

Ratio	**Year ended March 31, 2022 (Standalone)**
Capital to risk weighted assets ratio (CRAR)	22.96%
Tier I CRAR	21.61%
Tier II CRAR	1.35%
Liquidity coverage ratio	251.96%

k The Group does not have any transactions with struck off companies.

42 i) Group

The Company had migrated to a new software (Oracle Fusion) from the legacy software (Microsoft Navision/Dynamics) during the year for general ledger accounting. The Company also uses a software for loan management and accounting (Pennant) and a software operated by a third-party service provider for maintaining the payroll records (Darwinbox). The information regarding audit trail (edit log) feature in respect of these software is as follows:

(a) The legacy software for general ledger accounting and the software for loan management and accounting has a feature of recording audit trail which operated throughout the year or period until migration for all relevant transactions recorded therein. However, the audit trail feature was not enabled for direct changes to database when using certain access rights. Also, the management is not in possession of relevant system logs to determine whether there were any instances of the audit trail feature being tampered with in relation to this software.

(b) The new software for general ledger accounting has a feature of recording audit trail but it did not operate for the entire period post migration. The payroll software has a feature of recording audit trail which operated throughout the year for all relevant transactions recorded therein. There were no instances of the audit trail feature being tampered with in relation to these software.

ii) Subsidiary
The Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility, but the feature of audit trail (edit log) facility was not enabled during the accounting period.

43 The Board of Directors of the Company in its meeting held on April 4, 2024 and shareholders in the Extraordinary general Meeting held on April 26, 2024 approved the sub-division of shares from Rs. 10 per share to Rs. 5 per share.

44 There have been no events after the reporting date that require adjustment/disclosure in these Restated Summary Statements.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

Shrawan Jalan
Partner

Membership No. 102102
Place : Mumbai
Date : May 27, 2024

For and on behalf of the Board of Directors of
Avanse Financial Services Limited

Ravi Venkatraman
Director

DIN - 00307328
Place : Mumbai

Amit Gainda
Managing Director & Chief Executive Officer
DIN - 09494847
Place : Mumbai

Vikrant Gandhi
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 27, 2024

AVANSE FINANCIAL SERVICES LIMITED
Annexure VI- Statement of material adjustments and regroupings
(All amounts in INR million, unless otherwise stated)

Statement of adjustments to audited financial statements

The accounting policies applied as at and for each of the years ended March 31, 2023 and March 31, 2022 are consistent with those adopted in the preparation of financial statements for the year ended March 31, 2024.

Material Restatement Adjustments:

These Restated Summary Statements have been compiled from the Statutory Financial Statements and

(a) there were no changes in accounting policies during the years of these financial statements
(b) there were no material amounts which have been adjusted for in arriving at profit/ loss of the respective years; and
(c) there were no material adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Statutory Financial Statements and the requirements of the SEBI Regulations.

A Material Regroupings

In the month of March 2023, Companies (Indian Accounting Standards) Rules, 2015 has been further amended vide the Government Notification dated March 31, 2023 to include certain additional presentation and disclosures requirements and changes to some of the existing requirements, which was applicable to the Company for preparation and presentation of its financial statements from financial year starting April 01, 2023. It may be noted that in preparing and presenting the financial statements for the years ended March 31, 2023 and March 31, 2022, the Company had reclassified the comparative figures, as applicable, in accordance with the requirements of the Ind AS and above stated Government notification. Accordingly, this Restated Summary Statements has been prepared based on the above requirements. The adoption of the said amendments does not impact recognition and measurement principles followed for preparation of the audited financial statements.

B Reconciliation of total equity as per audited financial statements with total equity as per Restated Summary Statements

Summarised below are the restatement adjustments made to the total equity as per the audited financial statements for the years ended March 31, 2024, March 31, 2023 and March 31, 2022:

Particulars	**As at March 31, 2024 (Consolidated)**	**As at March 31, 2023 (Consolidated)**	**As at March 31, 2022 (Standalone)**
Total equity (as per audited financial statements)	36,767.17	21,497.22	10,096.64
Adjustments due to prior period items / other adjustments	-	-	-
Total equity (as per Restated Summary Statements)	**36,767.17**	**21,497.22**	**10,096.64**

C Reconciliation of total comprehensive income as per audited financial statements with total comprehensive income as per Restated Summary Statements

Summarised below are the restatement adjustments made to total comprehensive income as per the audited financial statements for the years ended March 31, 2024, March 31, 2023 and March 31, 2022.

Particulars	**For the year ended March 31, 2024 (Consolidated)**	**For the year ended March 31, 2023 (Consolidated)**	**For the year ended March 31, 2022 (Standalone)**
A. Total comprehensive income as per audited financial statements	3,326.97	1,600.15	643.69
B. Adjusments			
Material restatement adjustments:			
(i) Audit qualifications	-	-	-
Total			
(ii) Adjustments due to prior period items / other adjustments	-	-	-
Total	**-**	**-**	**-**
(iii) Deferred tax impact on adjusments in (i) and (ii) as applicable	-	-	-
Total			
C. Total impact of adjustments (i+ii+iii)	-	-	-
D. Total comprehensive income as per Restated Summary Statements (A+C)	**3,326.97**	**1,600.15**	**643.69**

D Other non-adjusting items

(a) Modification in Other Legal and Regulatory Requirements included in the auditor's report on the consolidated financial statements of the Group as at and for year ended March 31, 2024, which do not require any corrective adjustments in the Restated Summary Statements.

(i) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and report of the other auditor, except for the matters stated in paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, as amended;

(ii) The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) of the Act and paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014; and

(iii) Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that in respect of certain software, the audit trail feature either did not operate throughout the period, or was not enabled for direct changes to database when using certain access rights as described in note 43 to the Consolidated Financial Statements. Also, during the course of our audit, we did not come across any instance of audit trail feature being tampered with except that in respect of certain software, we were not able to obtain sufficient and appropriate audit evidence to determine whether there were any instances of the audit trail feature being tampered with, as described in the aforesaid note to the Consolidated Financial Statements.

Further, based on the examination performed by the auditor of the subsidiary which is a company incorporated in India whose financial statements have been audited under the Act, the subsidiary has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility, but such feature was not enabled during the year.

(b) Qualifications / adverse remarks (annexure to the auditor's report on consolidated financial statements for Companies (Auditor's Report) Order, 2020, included by the respective auditors in respect of the companies included in the consolidated financial statements) which do not require any corrective adjustments in the Restated Summary Statements:

As at and for the year ended March 31, 2024
Avanse Financial Services Limited

Clause (iii)(c): In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing education loans to individual customers and education infrastructure loans to institutions, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date for repayment or receipt and the extent of delay in this report (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.

Further, except for 1,851 loans classified as credit impaired ('stage 3') with aggregate exposure of principal and interest of Rs. 532.35 million, 2,645 loans where credit risk has increased significantly since initial recognition ('stage 2') with aggregate exposure of principal and interest of Rs.1,200.22 million and 1,495 loans where the credit risk has not increased significantly since initial recognition but have some overdue of up to 30 days ('stage 1') with aggregate exposure of principal and interest of Rs.160.09 million as at March 31, 2024, in respect of which the Company has disclosed asset classification / staging in note 7 to the standalone financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties in respect of 68,006 loans with aggregate exposure of principal and interest of Rs.123,052.37 million are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

Clause (iii)(d): In respect of loans and advances in the nature of loans, as disclosed in note 7 to the standalone financial statements, the total amount outstanding of loans classified as credit impaired ('stage 3') (which includes loans overdue for more than ninety days) as at March 31, 2024 is Rs. 532.35 million (1,851 loans). In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

Clause (vii)(a): Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues as applicable to the Company have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

Avanse Global Finance IFSC Private Limited

Clause (xvii): According to the information and explanations given to us and based on our examination of the records of the Company, the Company has incurred a cash loss of Rs. 2.09 million during the year and Rs. 0.25 million during the previous period.

As at and for the year ended March 31, 2023:

Avanse Financial Services Limited

Clause (iii)(c): In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing education loans to individual customers and education infrastructure loans to non-individual customers, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date for repayment or receipt and the extent of delay in this report (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.

Further, except for 1,957 loans classified as credit impaired ('stage 3') with aggregate exposure of principal and interest of Rs. 471.50 million, 3,540 loans where credit risk has increased significantly since initial recognition ('stage 2') with aggregate exposure of principal and interest of Rs. 1,999.54 million and 4,251 loans where the credit risk has not increased significantly since initial recognition but have some overdue of up to 30 days ('stage 1') with aggregate exposure of principal and interest of Rs. 331.25 million as at March 31, 2023, in respect of which the Company has disclosed asset classification / staging in Note 7 to the standalone financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties in respect of 1,56,427 loans with aggregate exposure of principal and interest of Rs. 81,245.65 million are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

Clause (iii)(d): In respect of loans and advances in the nature of loans, as disclosed in Note 7 to the standalone financial statements, the total amount outstanding of loans classified as credit impaired ('stage 3') (including loans overdue for more than ninety days) as at March 31, 2023 is Rs. 471.50 million (1,957 loans). In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

As at and for the year ended March 31, 2022:
Avanse Financial Services Limited

Clause (iii)(c): In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing education loans to individual customers and education infrastructure loans to non-individual customers, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date for repayment or receipt and the extent of delay in this report (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business. Further, except for loans where there are delays or defaults in repayment of principal and / or payment of interest as at the balance sheet date, in respect of which the Company has disclosed asset classification / staging in Note 7 to the financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

Clause (iii)(d): In respect of loans and advances in the nature of loans, the total amount overdue for more than ninety days as at March 31, 2022 and the details of the number of such cases, are disclosed in Note 7 to the financial statements. In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

AVANSE FINANCIAL SERVICES LIMITED
Annexure VI- Statement of material adjustments and regroupings
(All amounts in INR million, unless otherwise stated)

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

Shrawan Jalan
Partner

Membership No. 102102
Place : Mumbai
Date : May 27, 2024

For and on behalf of the Board of Directors of
Avanse Financial Services Limited

Ravi Venkatraman
Director

DIN - 00307328
Place : Mumbai

Amit Gainda
Managing Director & Chief Executive Officer

DIN - 09494847
Place : Mumbai

Vikrant Gandhi
Chief Financial Officer
Place : Mumbai

Rajesh Gandhi
Company Secretary
Place : Mumbai

Date : May 27, 2024

OTHER FINANCIAL INFORMATION

The accounting ratios required under Paragraph 11 of Part A of Schedule VI of the SEBI ICDR Regulations and other non GAAP measures are given below:

Particulars	As at and for the year ended		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Net profit for the year **(A)** (₹ in million)	3,424.03	1,577.11	632.07
Weighted average number of Equity Shares outstanding during the year (in number)	222,359,824.69	182,053,594.00	165,183,722.00
Adjustment for Bonus Issue	-	-	-
Weighted average number of Equity Shares outstanding during the year for basic EPS (in number) **(B)**	222,359,824.69	182,053,594.00	165,183,722.00
Weighted average number of Equity Shares outstanding during the year for diluted EPS **(C)**	227,556,370.15	185,627,111.13	167,287,493.78
Basic Earnings per equity share (in ₹) (D = A/B) (1)	15.40	8.66	3.83
Diluted Earnings per equity share (in ₹) (E = A/C) (1)	15.05	8.50	3.78
Total equity **(F)** (₹ in million)	36,767.17	21,497.22	10,096.64
Net profit for the year **(G)** (₹ in million)	3,424.03	1,577.11	632.07
Return on net worth (H = G/F)(2)	**9.31%**	**7.34%**	**6.26%**
Total equity **(I)** (₹ in million)	36,767.17	21,497.22	10,096.64
Number of Equity Shares outstanding as at year end **(J)**	251,823,232.00	213,276,004.00	165,183,722.00
Net Asset Value per Equity Share (in ₹) **(K = I/J)** (in ₹)(3)	146.00	100.80	61.12
Net Profit for the year **(L)** (₹ in million)	3,424.03	1,577.11	632.07
Total tax expense **(M)** (₹ in million)	1,168.89	536.04	222.53
Finance costs **(N)** (₹ in million)	8,756.38	5,398.43	2,738.87
Depreciation and amortization expense **(O)** (₹ in million)	206.06	133.01	128.77
EBITDA (P = L+M+N+O) (₹ in million) (4)	**13,555.36**	**7,644.59**	**3,722.24**
Total income (₹ in million) **(Q)**	17,288.06	9,902.29	5,085.41
EBITDA to Total Income (R = P/Q)	**78.41%**	**77.20%**	**73.19%**

Notes:

(1) *The ratio has been computed as below: (i) Basic Earnings per Equity Share (₹) = net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year, (ii) Diluted Earnings per Equity Share (₹) = net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares outstanding during the year (iii) Return on Net Worth (%) = Net profit for the year, as restated Net worth as restated as at year end (iv) Net Asset Value per Equity Share (₹) = Net worth, as restated Number of Equity Shares outstanding as at year end. Earnings per shares (EPS) calculation is in accordance with the notified Indian Accounting Standard (Ind AS) 33 'Earnings per share' prescribed by the Companies (Indian Accounting Standards) Rules, 2015.*

(2) *Return on Net Worth (%) = Net profit for the year divided by net worth as at for the end of the year.*

(3) *Net Asset Value per Equity Share = Total Equity divided by number of Equity Shares outstanding as at the end of year. Net Asset Value per Equity Share = Total Equity /number of equity shares on fully converted basis outstanding as at the end of year adjusted for the impact of stock split after the end of the year but before the date of filing of this Draft Red Herring Prospectus. Net Asset Value per Equity Share for all years is computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended). Pursuant to a resolution passed by our Board on April 4, 2024, and a resolution passed by the Shareholders on April 26, 2024, the Company has sub-divided 125,911,616 equity shares of face value of ₹10 each to 251,823,232 Equity Shares of face value of ₹5 each.*

(4) *EBITDA stands for earnings before interest, taxes, depreciation, and amortization. EBITDA is calculated as net profit for the year plus total tax expenses, depreciation and amortization expenses, and finance costs.*

Note: *Pursuant to a resolution passed by our Board on April 4, 2024 and a resolution passed by the Shareholders on April 26, 2024, the Company has sub-divided 125,911,616 equity shares of face value of ₹10 each to 251,823,232 Equity Shares of face value of ₹5 each.*

The audited standalone financial statements of our Company as at and for the year ended March 31, 2024, March 31, 2023, and March 31, 2022, respectively are available at https://www.avanse.com/financialstatements, in accordance with the SEBI ICDR Regulations. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The audited standalone financial statements of our Company and the reports thereon do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The audited standalone financial statements of our Company and the reports thereon 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 and should not be relied upon or used as a basis for any investment decision. None of the entities specified above, nor any of its advisors, nor any of the Book Running Lead Manager or any Selling Shareholder, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the audited standalone financial statements of our Company, or the opinions expressed therein.

Reconciliation of non-GAAP measures

Reconciliation for the following non-GAAP financial measures included in this section, is set out below:

Reconciliation from equity share capital to net worth

(₹ in million)

Particulars	As at		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Equity share capital (A)	1,259.12	1,066.38	825.92
Other equity (B)	35,508.05	20,430.84	9,270.72
Net Worth (C= A+B)	**36,767.17**	**21,497.22**	**10,096.64**

Reconciliation from interest income to net interest, Average Interest earning assets and net interest margin (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Interest income (A)	14,437.28	8,930.82	4,764.50
Finance costs (B)	8,756.38	5,398.43	2,738.87
Net interest income (C= A-B)	**5,680.90**	**3,532.39**	**2,025.63**
Average interest earning assets (D)	**117,012.34**	**75,446.19**	**40,838.90**
Net interest margin (%) (E= C/D)	**4.85**	**4.68**	**4.96**

Reconciliation from Employee benefits expense to operating expenses, Average AUM and operating expenses to Average AUM (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Employee benefits expense (A)	1,408.89	948.22	660.90
Depreciation and amortization expense (B)	206.06	133.01	128.77
Other expenses (C)	1,527.89	843.59	511.45
Operating expenses (D= A+B+C)	**3,142.84**	**1,924.82**	**1,301.12**
Average AUM (E)	**110,927.94**	**68,839.10**	**38,253.37**
Operating expenses to Average AUM (%) (F= D/E)	**2.83**	**2.80**	**3.40**

Reconciliation from Employee benefits expense to Operating expenses to Net total income and Cost to income ratio

(₹ in million, unless otherwise stated)

Particulars	For the year ended		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Employee benefits expense (A)	1,408.89	948.22	660.90
Depreciation and amortization expense(B)	206.06	133.01	128.77
Other expenses (C)	1,527.89	843.59	511.45
Operating expenses (D= A+B+C)	**3,142.84**	**1,924.82**	**1,301.12**
Total income (E)	17,288.06	9,902.29	5,085.41
Finance cost (F)	8,756.38	5,398.43	2,738.87
Net total income (G= E-F)	**8,531.68**	**4,503.86**	**2,346.54**
Cost to income ratio (H= D/G)	**36.84**	**42.74**	**55.45**

Reconciliation from expected credit loss to credit cost, Average Term loans (Gross) and credit cost to Average Term Loans (Gross) (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Expected credit loss (A)	332.12	183.81	146.54
Bad debts Written off (B)	463.80	282.08	44.28
Credit cost (C= A+B)	**795.92**	**465.89**	**190.82**
Average Term Loans (Gross) (D)	**1,06,561.85**	**67,907.61**	**37,469.66**
Credit Cost to Average Term Loans (Gross) (%) (E= C/D)	**0.75**	**0.69**	**0.51**

Reconciliation from expected credit loss to credit cost, Average AUM and credit cost to Average AUM (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Expected credit loss (A)	332.12	183.81	146.54
Bad debts Written off (B)	463.80	282.08	44.28
Credit cost (C= A+B)	**795.92**	**465.89**	**190.82**
Average AUM (D)	**110,927.94**	**68,839.10**	**38,253.37**
Credit Cost to Average AUM (%) (E= C/D)	**0.72**	**0.68**	**0.50**

Reconciliation from borrowings (other than debt securities) to total borrowings and Debt to Equity ratio

(₹ in million, unless otherwise stated)

Particulars	As at		
	March 31, 2024	March 31, 2023	March 31, 2022
Borrowings (other than debt securities) (A)	70,313.34	43,091.77	28,680.34
Debt securities (B)	30,534.36	28,238.75	11,552.95
Subordinated liabilities (C)	504.75	770.73	769.50
Total Borrowings (D= A+B+C)	**101,352.45**	**72,101.25**	**41,002.79**
Total equity (E)	**36,767.17**	**21,497.22**	**10,096.64**
Debt to Equity ratio (F= D/E)	**2.76**	**3.35**	**4.06**

Reconciliation from net profit for the year to return on total assets (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Net profit for the year (A)	3,424.03	1,577.11	632.07
Average total assets (B)	121,149.66	77,161.70	42,830.24
Return on total assets (%) (C= A/B)	**2.83**	**2.04**	**1.48**

Reconciliation from net profit for the year to return on AUM (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Net profit for the year (A)	3,424.03	1,577.11	632.07
Average AUM (B)	110,927.94	68,839.10	38,253.37
Return on AUM (C= A/B)	**3.09**	**2.29**	**1.65**

Reconciliation from net profit for the year to return on equity (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Net profit for the year (A)	3,424.03	1,577.11	632.07
Average net worth (B)	26,724.94	12,809.22	9,724.52
Return on equity (%) (C= A/B)	**12.81**	**12.31**	**6.50**

Reconciliation from Interest income on financial assets measured at amortized cost to Interest income / Average AUM (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Interest income on financial assets measured at amortized cost (A)	14,437.28	8,930.82	4,764.50
Average AUM (B)	110,927.94	68,839.10	38,253.37
Interest Income / Average AUM (%) (C= A/B)	**13.02**	**12.97**	**12.46**

Reconciliation from Finance costs to Finance cost / Average AUM (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Finance costs (A)	8,756.38	5,398.43	2,738.87
Average AUM (B)	110,927.94	68,839.10	38,253.37
Finance Cost/ Average AUM (%) (C= A/B)	**7.89**	**7.84**	**7.16**

Reconciliation from Fee and commission income to Other operating income, Average AUM and Other Operating income / Average AUM (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Fees and commission income (A)	1,842.97	669.38	278.93
Net gain on fair value changes (B)	132.49	66.03	39.41
Net gain on derecognition of financial instrument on amortized cost basis (C)	856.86	229.74	0.00
Other operating income (D=A+B+C)	**2,832.32**	**965.15**	**318.34**
Average AUM (E)	**110,927.94**	**68,839.10**	**38,253.37**
Other Operating Income / Average AUM (%) (F= D/E)	**2.55**	**1.40**	**0.83**

Reconciliation from Total Income to Net total income, Average AUM and Net total income / Average AUM (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Total income (A)	17,288.06	9,902.29	5,085.41
Finance costs (B)	8,756.38	5,398.43	2,738.87
Net total income (C= A-B)	**8,531.68**	**4,503.86**	**2,346.54**
Average AUM (D)	**110,927.94**	**68,839.10**	**38,253.37**
Net Total Income/ Average AUM(%) (E= C/D)	**7.69**	**6.54**	**6.13**

Reconciliation from Net total income to Pre Provisioning Operating profit, Average AUM and Pre Provisioning Operating profit / Average AUM (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Net total income (A)	8,531.68	4,503.87	2,346.54
Operating expenses (B)	3,142.84	1,924.82	1,301.12
Pre provisioning operating profit (C= A-B)	5,388.84	2,579.05	1,045.42
Average AUM (D)	110,927.94	68,839.10	38,253.37
Pre Provisioning Operating Profit / Average AUM (%) (C/D)	**4.86**	**3.75**	**2.73**

Reconciliation from Profit before tax to Profit before tax / Average AUM (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Profit before tax (A)	4,592.92	2,113.15	854.60
Average AUM (B)	110,927.94	68,839.10	38,253.37
Profit Before Tax/ Average AUM (%) (C= A/B)	**4.14**	**3.07**	**2.23**

Reconciliation from Gross carrying amount of Stage 3 loans to Gross Stage 3 loans %

(₹ in million, unless otherwise stated)

Particulars	As at		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Gross carrying amount of Stage 3 loans (A)	532.35	472.12	618.99
Term Loans (Gross) (B)	125,208.55	84,636.37	47,900.19
Gross Stage 3 loans % (C= A/B)	**0.43**	**0.56**	**1.29**

Reconciliation from Net carrying amount of Stage 3 loans to Net Stage 3 loans %

(₹ in million, unless otherwise stated)

Particulars	As at		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Net carrying amount of Stage 3 loans (A)	161.28	144.84	251.88
Term Loans (Gross) (B)	125,208.55	84,636.37	47,900.19
Net stage 3 loans % (C= A/B)	**0.13**	**0.17**	**0.53**

Reconciliation from Expected credit loss of Stage 3 loans to Provision coverage ratio

(₹ in million, unless otherwise stated)

Particulars	As at		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Expected credit loss of Stage 3 loans (A)	371.07	327.28	367.11
Gross carrying amount of Stage 3 loans (B)	532.35	472.12	618.99
Provision coverage ratio (C= A/B)	**69.70**	**69.32**	**59.31**

Reconciliation from Total equity to Net Asset Value per Equity Share

(₹ in million, unless otherwise stated)

Particulars	As at		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Total equity (A)	36,767.17	21,497.22	10,096.64
Outstanding number of equity shares (B)	2,518,23,232	2,132,76,004	1,651,83,722
Net Asset Value per Equity Share (C= A/B)	**146.00**	**100.80**	**61.12**

Reconciliation from Borrowings (other than debt securities) to total borrowings

(₹ in million)

Particulars	As at		
	March 31, 2024	March 31, 2023	March 31, 2022
Borrowings (other than debt securities) (A)	70,313.34	43,091.77	28,680.34
Debt securities (B)	30,534.36	28,238.75	11,552.95
Subordinated liabilities (C)	504.75	770.73	769.50
Total borrowings (D= A+B+C)	**101,352.45**	**72,101.25**	**41,002.79**

Reconciliation from Term Loans (Gross) to Total interest-earning assets

(₹ in million)

Particulars	As at		
	March 31, 2024	March 31, 2023	March 31, 2022
Term Loans (Gross) (A)	125,208.55	84,636.37	47,900.19
Fixed Deposit (with original maturity of 3 months or less) (B)	9,543.84	6,631.79	2,250.68
Fixed Deposits (with original maturity more than 3 months) (C)	2,296.07	3,428.18	3,321.65
Treasury Bills (D)	2,431.46	644.17	127.35
Total interest-earning assets (E= A+B+C+D)	**139,479.92**	**95,340.51**	**53,599.87**

Reconciliation from Average interest earning assets to Average interest earning assets / average total assets (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Average interest-earning assets (A)	117,012.34	75,446.19	40,838.90
Average total assets (B)	121,149.66	77,161.70	42,830.24
Average interest-earning assets / Average total assets (%) (C= A/B)	**96.58**	**97.78**	**95.35**

Reconciliation from Average interest bearing liabilities to Average interest bearing liabilities / average total assets (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Average interest-bearing liabilities (A)	90,101.22	60,634.19	31,259.89
Average total assets (B)	121,149.66	77,161.70	42,830.24
Average interest-bearing liabilities / Average total assets (%) (C= A+B)	**74.37**	**78.58**	**72.99**

Reconciliation from Average interest bearing liabilities to Average interest bearing liabilities / average total assets (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Average interest-earning assets (A)	117,012.34	75,446.19	40,838.90
Average interest-bearing liabilities (B)	90,101.22	60,634.19	31,259.89
Average interest-earning assets / Average interest-bearing liabilities (%) (C= A/B)	**1.30**	**1.24**	**1.31**

Reconciliation from Interest income to Net yield on Interest earning assets (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Interest income (A)	14,437.28	8,930.82	4,764.50
Average interest-earning assets (B)	117,012.34	75,446.19	40,838.90
Net yield on interest-earning assets (%) (C= A/B)	**12.34**	**11.84**	**11.67**

Reconciliation from Interest Income on loans to Yield on average Term Loans (Gross) (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Interest income on loans (A)	13,864.33	8,554.85	4,617.46
Average Term Loans (Gross) (B)	106,561.85	67,907.61	37,469.66
Yield on average Term Loans (Gross) (%) (C= A/B)	**13.01**	**12.60**	**12.32**

Reconciliation from Finance costs to Average cost of borrowings (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Finance costs (A)	8,756.38	5,398.43	2,738.87
Average interest-bearing liabilities (B)	90,101.22	60,634.19	31,259.89
Average Cost of Borrowing (%) (C= A/B)	**9.72**	**8.90**	**8.76**

Reconciliation from Yield on average Term Loans (Gross) to Spread (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Yield on average Term Loans (Gross) (A)	13.01	12.60	12.32
Average cost of borrowing (B)	9.72	8.90	8.76
Spread (%) (C= A-B)	**3.29**	**3.69**	**3.56**

Reconciliation from Net profit for the year to EBITDA and EBITDA to Total Income (%)

(₹ in million, unless otherwise stated)

Particulars	For the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Net profit for the year (A)	3,424.03	1,577.11	632.07
Total Tax expense (B)	1,168.89	536.04	222.53
Finance costs (C)	8,756.38	5,398.43	2,738.87
Depreciation and amortization (D)	206.06	133.01	128.77
EBITDA (E=A+B+C+D)	**13,555.36**	**7,644.59**	**3,722.24**
Total income (F)	**17,288.06**	**9,902.29**	**5,085.41**
EBITDA to Total Income (%) (G= E/F)	**78.41**	**77.20**	**73.19**

Reconciliation from Total equity to Return on Net Worth (%)

(₹ in million, unless otherwise stated)

Particulars	As at and for the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Total equity (A)	36,767.17	21,497.22	10,096.64
Net profit for the year (B)	3,424.03	1,577.11	632.07
Return on Net Worth (%) (C= B/A)	**9.31**	**7.34**	**6.26**

Reconciliation from Employee benefits expense to Operating expenses

(₹ in million)

Particulars	For the year ended		
	March 31, 2024	As at March 31, 2023	As at March 31, 2022
Employee benefits expense (A)	1,408.89	948.22	660.90
Depreciation and amortization expense(B)	206.06	133.01	128.77
Other expenses (C)	1,527.89	843.59	511.45
Operating expenses (D= A+B+C)	**3,142.84**	**1,924.82**	**1,301.12**

Reconciliation from Fee and commission income to Non-interest income

(₹ in million)

Particulars	For the year ended		
	March 31, 2024	As at March 31, 2023	As at March 31, 2022
Fees and commission income (A)	1,842.97	669.38	278.93
Net gain on fair value changes (B)	132.49	66.03	39.41
Net gain on derecognition of financial instrument on amortized cost basis (C)	856.86	229.74	0.00
Other income (D)	18.46	6.32	2.57
Non-interest income (E=A+B+C+D)	**2,850.78**	**971.47**	**320.91**

Reconciliation from Total equity to Total equity to Total assets (%)

(₹ in million, unless otherwise stated)

Particulars	As at		
	March 31, 2024	As at March 31, 2023	As at March 31, 2022
Total equity (A)	36,767.17	21,497.22	10,096.64
Total assets (B)	143,438.35	97,299.51	54,530.15
Total equity to Total assets (%) (C=A/B)	25.63	22.09	18.52

RELATED PARTY TRANSACTIONS

For details of the related party transactions, as per the requirements under applicable Accounting Standards, i.e., Ind AS 24 'Related Party Disclosures' for the years ended March 31, 2024, March 31, 2023, and March 31, 2022 and as reported in the Restated Summary Statements, see "*Restated Summary Statements – Notes to Restated Summary Statements – 37 Related Party Transactions*" on page 320

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our Restated Summary Statements included herein as of and for the Financial Years 2024, 2023 and 2022, including the related notes, schedules and annexures. We have compared our consolidated financial information as of and for the years ended March 31, 2024 and March 31, 2023 with our standalone financial information as of and for the year ended March 31, 2022, which are generally not comparable. Our subsidiary, Avanse Global Finance IFSC Private Limited, was incorporated on January 11, 2023 and hence, the financial information as of and for the years ended March 31, 2024 and March 31, 2023 are presented on a consolidated basis. Our Subsidiary is not material to the Group as of and for the years ended March 31, 2024 and March 31, 2023.

Our Restated Summary Statements are based on our audited financial statements, prepared in accordance with Ind AS and restated in accordance with the requirements of Section 26 of the Companies Act, 2013, the SEBI ICDR Regulations and the Guidance Note. Ind AS differs in certain material respects from IFRS and US GAAP. See "Risk Factors – External Risk Factors – Risks Related to India – Significant differences exist between Ind AS and other accounting principles, such as Indian Generally Accepted Accounting Principles, U.S. Generally Accepted Accounting Principles and International Financial Reporting Standards, which may be material to investors' assessments of our financial condition." on page 57.

Our Financial Year commences on April 1 and ends on March 31 of each year, and all references to a particular Financial Year are to the 12 months ended March 31 of that year. Unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from our "Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Financial Data" beginning on page 14.

*We have commissioned and paid for the services of independent third party research agency, CRISIL MI&A ("**CRISIL MI&A**") for the purposes of confirming our understanding of the industry exclusively in connection with the Offer, and have relied on the report titled "Assessment of the Education Services and Education Loan Industry in India" dated June 2024 (the "**CRISIL MI&A Report**"), for industry related data in this Prospectus, including in the sections "Industry Overview", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 115, 174, and 348, respectively. We officially engaged CRISIL MI&A in connection with the preparation of the CRISIL MI&A Report pursuant to engagement letter dated April 24, 2024. The CRISIL MI&A Report shall be made available on the website of our Company at https://www.avanse.com/industryreport from the date of this Draft Red Herring Prospectus till the Bid/Offer Closing Date and has also been included in "Material Contracts and Documents for Inspection – Material Documents" on page 461. The data included herein includes excerpts from the CRISIL MI&A 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, all financial, operational, industry and other related information derived from the CRISIL MI&A Report and included herein with respect to any particular year, refers to such information for the relevant financial year.*

This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Forward-looking Statements" and "Risk Factors" on pages 17 and 26.

Overview

We are an education focused non-banking financial company ("**NBFC**") operating in India, and according to the CRISIL MI&A Report, as of March 31, 2024, we are the second largest education focused NBFC in India by assets under management ("**AUM**"). According to the CRISIL MI&A Report, we also have the second highest disbursements during the Financial Year 2023 and recorded the second highest profit after tax in Financial Year 2024 among education focused NBFCs in India. According to the CRISIL MI&A Report's description of our business, we offer a full stack education offering with products ranging from education loans for students to growth capital for education institutions through education infrastructure loans. Through our student-loans – international and our education loans – domestic businesses, we provide loans and other value-added services to Indian students and professionals who are admitted to study overseas or at domestic institutions. We also provide collateral-backed financing to private educational institutions in India. Our AUM has increased from ₹48,356.09 million as of March 31, 2022, to ₹86,460.68 million as of March 31, 2023 and ₹133,030.47 million as of March 31, 2024, growing at a CAGR of 65.86% between March 31, 2022 and March 31, 2024. Further, our total income increased to ₹17,288.06 million for the Financial Year 2024 from ₹9,902.29 million for the Financial Year 2023 and ₹5,085.41 million for the Financial Year 2022, and our net profit for the year increased to ₹3,424.03 million for the Financial Year 2024 from ₹1,577.11 million for the Financial Year 2023 and ₹632.07 million for the Financial Year 2022.

As a part of our student loans – international business, we provide education loans to Indian students looking to pursue higher education overseas. As of March 31, 2024, through our student loans – international business, we had loans outstanding to 35,802 students attending 1,264 universities/colleges in 41 countries. Moreover, as of March 31, 2024, our student loans – international business had AUM of ₹104,136.69 million and accounted for 78.28% of our total AUM, with an average sanctioned ticket size of ₹3.07 million per loan. Our student borrower profile for overseas studies typically comprises young and aspirational individuals from diverse backgrounds, often at the beginning of their credit journey and admitted to pursue courses primarily in the Science, Technology, Engineering and Mathematics ("**STEM**") and Business Administration domains.

As of March 31, 2024, in our student loans – international business, 73.96% and 23.33% of our students were enrolled in STEM and Master of Business Administration ("**MBA**") courses, respectively.

Our educational institution loans include collateral-backed financing solutions to private educational institutions, which are generally K-12 schools, and as of the dates of respective disbursements, having an average of over 15 years of operations, and located in peripheral areas of tier I cities and in tier II cities and beyond in India. As of March 31, 2024, our educational institution loan business had an AUM of ₹22,662.81 million and accounted for 17.04% of our total AUM, with an average ticket size of ₹13.95 million per loan. We primarily provide business loans for infrastructure development and other capital requirements, with flexible loan tenures, and our experience and domain knowledge enables us to underwrite educational institution loans based on their existing cash flows and income, among other factors. As of March 31, 2024, we had outstanding loans to 1,990 educational institutions in India.

Our education loans – domestic business comprises of loans to Indian students seeking higher education at domestic institutions. This business also includes loans to professionals engaging in executive learning programs, as well as financing for both curriculum fees for students enrolled in accredited schools, and non-curriculum fees associated with skilling programs, executive education, and test preparation courses, all in India. As of March 31, 2024, our education loans – domestic business had an AUM of ₹3,610.28 million and accounted for 2.71% of our total AUM, with an average ticket size of ₹0.17 million per loan. As of March 31, 2024, through our education loans – domestic business, we had loans outstanding to 48,194 students and professionals in India.

We have a student-centric approach to our student loans – international business. We evaluate student's profiles on 20 parameters, including past academic performance, entrance test scores, ranking of university and course admitted to and income potential, among other factors. While we carry out our underwriting operations primarily based on the creditworthiness of the student, we include parents or employed siblings as co-borrowers. Our approach enables us to create customized solutions for students covering a range of expenses including course fees, living expenses and other ancillary costs. Our loan solutions enable students to benefit from flexible payment options during their study period (such as partial interest, simple interest and equated monthly instalments), ensuring payment in such a way that students are not burdened with principal repayment during their academic program. This enables us to keep in touch with student borrowers and their parents during the term of the study. Our granular, diverse and low-risk portfolio is supported by a risk management framework, research-based monitoring and technology-enabled collections framework attuned to diverse borrower behaviour and profiles. We endeavour to have a turnaround time ("**TAT**"), which is the period from the submission of the loan application to sanction, of not more than three days.

We offer a comprehensive suite of value-added services to our borrowers, including life, health and travel insurance, wellness and health benefits package, foreign exchange, financial health report, and opening of overseas bank accounts, which are provided by third parties. This comprehensive suite of value-added services provides convenience to our borrowers and helps us stay engaged with them. We also leverage our borrower base for proposition-led up-selling initiatives, and have commenced providing our existing borrowers analytics-driven, up-sell products such as personal loans and loans against property in India.

We operate on a pan-India basis and have a multi-channel distribution network across our student and educational institution loans businesses, with physical presence in major education hubs in India. According to the CRISIL MI&A Report, education loans focused NBFCs have a differentiated distribution approach with a higher degree of reliance on education counsellors, direct selling agents, and digital channels as compared to a physical branch network which is predominantly required for other traditional loans such as mortgages, MSMEs and LAP. As of March 31, 2024, we have serviced 545 locations in India, maintaining a hybrid presence, and strategically combining our physical branch network of 19 branches and sales representative offices, and staffed with a 215 member sales team, with our distribution network. As of March 31, 2024, our distribution network consisted of 320 active education counsellors and aggregators (agents specializing in education loans), 452 direct selling agents ("**DSAs**"), and our direct acquisition channel which includes our digital marketing initiatives and referrals from existing customers. During Financial Year 2024, for our student loans – international business, 50.30% of our disbursements were sourced through active education counsellors and aggregators, 33.36% through DSAs, and 16.34% through our direct acquisition channel. According to the CRISIL MI&A Report, education consultants and counsellors serve as trusted advisors and advocates for students pursuing overseas education and help them navigate the complexities of studying abroad to achieve their academic and personal goals. Our relationships with a large network of education counsellors provides us with wide coverage in the student loans sector. As of March 31, 2024, our distribution network for our educational institution loans business comprised of 146 active DSAs, and during the Financial Year 2024, 77.89% of our disbursements for our educational institution loans business were sourced through DSAs.

Our AUM increased to ₹133,030.47 million as of March 31, 2024 from ₹86,460.68 million as of March 31, 2023 and ₹48,356.09 million as of March 31, 2022 and our term loans (gross) increased to ₹125,208.55 million as of March 31, 2024 from ₹84,636.37 million as of March 31, 2023 and ₹47,900.19 million as of March 31, 2022, while our Gross Stage 3 Loans (%) reduced to 0.43% as of March 31, 2024 from 0.56% as of March 31, 2023 and 1.29% as of March 31, 2022. This reflects our focus on maintaining and improving our asset quality.

Further, we maintain a well-diversified financing profile resulting in prudent asset liability management ("**ALM**"). As of March 31, 2024, we have maintained a broad spectrum of 38 lending relationships with banks and financial institutions, including public sector banks, private sector banks, multi-national banks, mutual funds and insurance companies. Our credit rating has improved over time, from 'A+/Stable' in September 2019 to 'AA-/Stable' in May 2023 from CARE for term loan facilities and debentures.

Significant Factors Affecting our Results of Operations

Our Ability to Sustain our Growth and Execute our Growth Strategy Effectively.

Our business has experienced significant growth in recent years. This is reflected in the increase in our AUM to ₹133,030.47 million as at March 31, 2024 from ₹86,460.68 million as at March 31, 2023 and ₹48,356.09 million as at March 31, 2022. Our disbursements increased to ₹63,350.03 million as at March 31, 2024 from ₹61,416.31 million as at March 31, 2023 and ₹29,284.88 million as at March 31, 2022. Further, our total income increased to ₹17,288.06 million for the Financial Year 2024 from ₹9,902.29 million for the Financial Year 2023 and ₹5,085.41 million for the Financial Year 2022, and our net profit for the year increased to ₹3,424.03 million for the Financial Year 2024 from ₹1,577.11 million for the Financial Year 2023 and ₹632.07 million for the Financial Year 2022.

The continued growth of our business depends on several factors including the availability of capital on acceptable terms, our ability to diversify our distribution network, deepen our relationship with existing educational service providers and actively recruit and onboard new educational service providers, among others. As we continue to grow our business, it is important for us to leverage our distribution network and student borrower base to strengthen and expand our coverage of universities and courses across geographies. With the increase in number of Indian students pursuing undergraduate studies abroad, we intend to offer financing solutions for overseas undergraduate programs in a gradual and calibrated manner. We also focus on growing and further strengthening our education loans – domestic business through solutions across the curriculum fee financing for higher education, K-12 and other non-curriculum fee financing, such as for test preparation and skilling courses, among others. See "*Our Business – Our Strategy – Further Expand and Diversify our Distribution Network to Drive Sustainable Growth*" and "*Risk Factors – Our business has grown rapidly and we may not be able to sustain our historical growth rates in the future*" on pages 180 and 30, respectively.

Access to Cost Effective Sources of Funding

Our operations significantly rely on the availability of cost-effective funding. To meet the increasing demand for education loans, our ability to secure funding from various external sources on favorable terms and within a reasonable timeframe is crucial. We have developed a broad spectrum of lending relationships across various banks and financial institutions including public sector banks, private sector banks (including foreign banks), mutual funds, insurance companies and corporates.

We aim to maintain a well-diversified liability profile to avoid reliance on any single funding type or source. Our significant lending relationships increased from 30 as of March 31, 2022 to 32 as of March 31, 2023 and 38 as of March 31, 2024. The availability of cost-effective funding sources is subject to external factors such as economic developments in the Indian market and its credit sector, interest rate fluctuations and the presence of sufficient liquidity in the debt markets. We raised capital aggregating to ₹21,973.82 million between Financial Year 2022 and Financial Year 2024 with our Company's capital to risk weighted assets ratio of 27.52% as of March 31, 2024. Similarly, our total borrowings increased from ₹41,002.79 million as of March 31, 2022, to ₹72,101.25 million as of March 31, 2023 and ₹101,352.45 million as of March 31, 2024, while our debt to equity ratio reduced from 4.06 times as of March 31, 2022 to 3.35 times as of March 31, 2023 and 2.76 times as of March 31, 2024. See also "*Risk Factors – We require substantial capital for our business and any disruption in the cost and availability of capital, including our sources of financing, could have an adverse effect on our business, results of operations, financial condition and cash flows*" on page 26.

The cost and availability of capital also depends in part on our short-term and long-term credit ratings, which reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Our credit rating has improved over time, from 'A+/Stable' in September 2019 to 'AA-/Stable' in May 2023 from CARE.

By managing these factors, we aim to ensure that we remain well-equipped to fulfil customer demands and sustain our operational activities.

Volatility in Borrowing and Interest Rates

Our results of operations depend substantially on the level of our net interest income, which is the difference between our interest income and our finance costs. Any change in interest rates would affect our interest expense on our floating interest-bearing liabilities as well as our net interest income and net interest margins. Any increase in our cost of funds may lead to a reduction in our net interest margin or require us to increase interest rates on loans disbursed to borrowers in the future to maintain our net interest margin. To mitigate risk, we use a framework comprising ALM, investment and resource planning, and interest rate and forex management policies The table below sets forth details of our average cost of borrowings, floating rate borrowings and net interest margin as at and for the Financial Years 2024, 2023 and 2022:

Particulars	**As of and for the year ended March 31,**		
	2024	**2023**	**2022**
	% of Total Borrowings	**% of Total Borrowings**	**% of Total Borrowings**
Average cost of borrowings (%)	9.72	8.90	8.76
Floating interest-bearing liabilities as a percentage of total borrowings (%)	70.79	62.71	59.97

Particulars	As of and for the year ended March 31,		
	2024	2023	2022
	% of Total Borrowings	% of Total Borrowings	% of Total Borrowings
Net interest margin (%)[1]	4.85	4.68	4.96

[1] *Net interest margin is the difference between interest earned and finance costs divided by the average total interest earning assets.*

A change in interest rates is influenced by various factors that are beyond our control. This includes monetary policies implemented by the Reserve Bank of India ("**RBI**"), the deregulation of the financial sector in India, and the prevailing domestic and international economic conditions. Increased inflation can contribute to an increase in interest rates and may also lead to a slowdown in the economy and adversely impact credit growth. Recently, the RBI has taken measures to increase interest rates as inflation rises and it is critical for us to closely monitor and adapt to these fluctuations in order to mitigate potential risks.

See "*Risk Factors –We are vulnerable to volatility in interest rates for both our borrowing and lending operations, which could cause our net interest income to vary and consequently affect our profitability.*" on page 34.

Ability to Identify, Monitor and Effectively Manage Risk

We utilize our industry expertise and our robust risk management and collections framework to implement underwriting processes tailored to student loans and educational institution loans. For our student loan businesses, we adopt a student-centric approach to underwriting and deploy rule engine and various other tools to assess future employability and earning potential of our borrowers. This approach takes into consideration factors such as a student's prior academic performance, entrance exam scores and co-borrower's creditworthiness through their credit bureau scores (usually one or both parents or employed siblings of the student availing a loan. See also, "*Our Business – Our Strengths – Data-Analytics Driven Underwriting Backed by a Robust Enterprise Risk Management and Collections Framework, Leading to a Healthy Asset Quality*" on page 178.

For our student loans – international business, we have developed a research led proactive risk management approach to track global macro-economic parameters, visa and immigration policies and country specific emerging trends and gain actionable insights on product design and credit policy related enhancements.

Our risk management framework identifies, monitors and manages risk to ensure our stability and sustainability. Through data analytics and research, we monitor key risk indicators for each risk category across credit risk, operational risk, market risk and certain other risks (such as data security, compliance and reputation). These risk indicators are reviewed on a quarterly basis by the risk management committee of our Board.

As we increase the scale of our operations and grow our business, it is critical for us to enhance our risk management framework to maintain the credit quality of our loan portfolio. Moreover, it is essential for us to have a nuanced understanding of the macro-economic and geo-political factors in each of the countries that we provide student loans to or intend to expand to. It is also essential for us to have insights on student immigration laws, enrolment ratios and employment statistics across geographies, thereby improving our risk management.

See "*Our Business – Description of our Business – Risk Management*" on page 187 and "*Risk Factors – Internal Risk Factors – We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, agents, borrowers or third parties, which could harm our reputation, business, financial condition, results of operations and cash flows"* on page 39.

Government Policy and Regulation

We operate in a highly regulated industry and are required to adhere to several laws, rules and regulations. Our results of operations and continued growth also depends 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, norms for creation of special reserves as well as minimum capital adequacy requirements. The regulations applicable to us also address issues such as our conduct with customers and recovery practices, market conduct and foreign investment.

Any significant change by the Government of India or the RBI in their various policy initiatives facilitating the provision of education finance may affect the demand for education finance in India or could require changes to our systems and business operations, which would require us to incur additional costs and management time. In addition, any changes in the regulatory framework affecting NBFCs, including with respect to the provisioning norms for NPAs, capital adequacy requirements, or the calculation of risk-weighted assets, could affect our profitability and consequently our net worth.

As per the NBFC Scale Based Directions, we are required to maintain a minimum capital ratio, consisting of Tier I capital and Tier II capital of not less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. Moreover, as we continue to grow our loan portfolio and asset base, we may be required to raise additional Tier I and Tier II capital in order to remain in compliance with the applicable capital to risk weighted assets ratio. As of March 31, 2024, our Company's capital to risk weighted assets ratio (on a standalone basis) was 27.52%, with Tier I capital comprising 26.94%. In Financial Years 2023 and 2022, our capital to risk weighted assets ratio was 24.86% and 22.96% respectively. See "*Risk Factors – Changing laws, rules and regulations, including taxation laws, may adversely affect our business, results of* *operations, financial condition and cash flows." on page 51.*

Summary of Material Accounting Policies

Property, plant and equipment and Intangible Assets

(i) *Property, plant and equipment* ("**PPE**")

PPE is recognised when it is probable that future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes professional fees related to the acquisition of PPE if it meets the cost criteria which is directly attributable to the asset acquired.

Depreciation/amortization is recognised on a straight-line basis over the estimated useful lives of respective assets as under. Leasehold improvement is depreciated on straight-line method over the lease term subject to a maximum of 60 months.

Category of Assets	Useful Life
Furniture & Fixtures	6 years
Computer Hardware	3 years
Vehicle	4 years
Office Equipment	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(ii) *Intangible Assets*

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to us and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment.

Intangible assets are amortized on straight line basis over the estimated useful life of three years. The method of amortization and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

Amortization on impaired assets is provided by adjusting the amortization charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on non-financial assets

As at the end of each year, we review the carrying amount of our non financial assets to determine whether there is any indication that these assets have suffered an impairment loss.

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the assets' net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the Restated Summary Statement of Profit and Loss (including other comprehensive income).

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Revenue Recognition

(a) *Interest Income*

We recognise interest income using effective interest rate method ("**EIR**") on all financial assets subsequently measured under amortized cost or fair value through other comprehensive income ("**FVOCI**"). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset and it represents a rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

We calculate interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets, we recognise interest income on the amortized cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, we revert to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation basis.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition.

(b) *Fees and Commission Income*

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation.

Revenue from contract with customer

Revenue is measured at transaction price i.e. the amount of consideration to which we expect to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. We consider the terms of the contracts and its customary business practices to determine the transaction price. Where the consideration promised is variable, we exclude the estimates of variable consideration that are constrained. We apply the five-step approach for recognition of revenue:

(i) Identification of contract(s) with customers;

(ii) Identification of the separate performance obligations in the contract;

(iii) Determination of transaction price;

(iv) Allocation of transaction price to the separate performance obligations; and

(v) Recognition of revenue when (or as) each performance obligation is satisfied.

Fee and commission income include fees other than those that are an integral part of EIR. The fee & commission included in this part of the Restated Summary Statement of Profit and Loss (including other comprehensive income) include among other things fees charged for servicing a loan, commission on forex and insurance commission.

Fee and Commission Income are recognised after the performance obligation in the contract is fulfilled and commission income such as insurance commission and fee income, etc. are recognised on point in time or over the period basis, as applicable.

(c) *Investment Income*

The gains/ losses on sale of investments are recognised in the Restated Summary Statement of Profit and Loss (including other comprehensive income) on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.

(d) *Income from direct assignment*

Gains arising out of direct assignment transactions comprise of the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread ("**EIS**"). The future EIS is based on the scheduled behavioral cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee and recorded upfront (net off of servicing cost) in the Restated Summary Statement of Profit and Loss (including other comprehensive income). EIS is evaluated and adjusted for expected credit loss and expected prepayment.

Leases

We evaluate each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

<u>*Our Company as a lessee*</u>

We assess, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves:

(a) the use of an identified asset,

(b) the right to obtain substantially all the economic benefits from use of the identified asset, and

(c) the right to direct the use of the identified asset.

At the inception of the lease contract, we recognize a right-of-use ("**RoU**") asset at cost and a corresponding lease liability, for all lease arrangements in which we are a lessee, except for leases with term of less than twelve months (short term) and low-value assets

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. RoU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The cost of the RoU assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the RoU assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The RoU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

RoU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit ("**CGU**") to which the asset belongs.

For lease liabilities at inception, we measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

We recognize the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, we recognize any remaining amount of the re-measurement in the Restated Summary Statement of Profit and Loss (including other comprehensive income).

For short-term and low value leases, we recognise the lease payments as an operating expense on a straight-line basis over the lease term.

Borrowing Costs

Interest expenses is calculated using EIR and calculation of EIR includes all fees paid that are incremental and directly attributable to the issue of a financial liability. EIR is calculated by considering all costs attributable to acquisition of a financial liability and it represents a rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability.

All other borrowing costs which are not incremental and not directly attributable to the issue of a financial liability in the Restated Summary Statement of Profit and Loss (including other comprehensive income) in the period in which they are incurred.

Employee Benefits

Share-based payment Arrangements

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Corporation measures the cost of equity-settled transactions with Option holders 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. The stock options granted to employees pursuant to our stock options schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is 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. On cancellation or lapse of option granted to employees, the compensation cost charged to Restated Summary Statement of Profit and Loss (including other comprehensive income)is credited with corresponding decrease in equity.

Defined Contribution Plan

Payments to defined contribution plans are recognised as expense in the Restated Summary Statement of Profit and Loss (including other comprehensive income) of the year when employees have rendered service entitling them to the contributions. We pay provident fund contributions to publicly administered provident funds as per local regulations. We have no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that cash refund or a reduction in the future payment is available. Our contribution (paid/payable) during the year to National Pension Scheme is recognised in the Restated Summary Statement of Profit and Loss (including other comprehensive income).

Defined Benefit Obligation

Our gratuity liability under the Payment of Gratuity Act, 1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

Our net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for us, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income ("**OCI**"). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in Restated Summary Statement of Profit and Loss (including other comprehensive income).

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the Restated Summary Statement of Profit and Loss (including other comprehensive income). We recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided at the undiscounted amount of the benefits expected to be paid in exchange for that service. A liability is recognised for the amount expected to be paid if we have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the Restated Summary Statement of Profit and Loss (including other comprehensive income), except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current Tax

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Restated Summary Statement of Profit and Loss (including other comprehensive income) because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in other equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and Service Tax Input Credit

Goods and Services tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits.

Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

(i) an entity has a present obligation (legal or constructive) as a result of a past event; and

(ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) a reliable estimate can be made of the amount of the obligation

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Further, long term provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, we recognise any impairment loss on the assets associated with that contract.

Contingent liability is disclosed in case of:

(i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

(ii) a present obligation arising from past events, when no reliable estimate is possible.

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) uncalled liability on shares and other investments partly paid;

(iii) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

Cash and Cash equivalents

Cash and cash equivalents includes cash at banks and on hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the Restated Summary Statement of Assets and Liabilities.

Financial Instruments

Recognition of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets and liabilities are recognized when we become the party to the contractual provisions of the instruments. Financial assets primarily comprise of loans and advances and other deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings and trade payables.

Initial Measurement of Financial Instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. However, trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, we will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss); and

- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to the Restated Summary Statement of Profit and Loss (including other comprehensive income) on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Cash Flow Hedge

We designate certain foreign exchange currency swap contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on external commercial borrowings. When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the Restated Summary Statement of Profit and Loss (including other comprehensive income). If the hedging instrument no longer meets the criteria for hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period of the hedge was effective, remains in cash flow hedge reserve until the ECB is derecognised. The cumulative gain or loss previously recognised in the cash flow hedge reserve is transferred to the net profit in the Restated Summary Statement of Profit and Loss (including other comprehensive income) upon the derecognition of the hedged item.

Financial Assets

Subsequent Measurement of Financial Assets:

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Classification of Financial Assets:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost; and

- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, we may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- We may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and

- We may irrevocably designate a debt instrument that meets the amortized cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or

- On initial recognition it is part of a portfolio of identified financial instruments that we manage together and has a recent actual pattern of short-term profit-taking; or

- It is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Debt instruments at amortized cost or at FVOCI

We assess the classification and measurement of a financial asset based on the contractual cash flow characteristics of the individual asset basis and our business model for managing the asset.

For an asset to be classified and measured at amortized cost or at FVOCI, its contractual terms should give rise to cash flows that are meeting Solely Payments of Principal & Interest ("**SPPI**") test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. We determine the business models at a level that reflects how financial assets are managed at individual basis and collectively to achieve a particular business objective.

When a debt instrument measured at FVOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortized cost or at FVOCI are subject to impairment.

*Financial assets at fair value through profit or loss ("**FVTPL**")*

Debt instruments that do not meet the amortized cost criteria or FVOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria or the FVOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortized cost criteria or debt instruments that meet the FVOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Dividend on financial assets at FVTPL is recognised when our right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Reclassifications

If the business model under which we hold 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 our financial assets.

During the current financial year and previous accounting period there was no change in the business model under which we hold financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset) is de-recognised when the rights to receive cash flows from the financial asset have expired. We also de-recognise the financial asset if we have transferred the financial asset and the transfer qualifies for derecognition. We consider the financial assets transferred if, and only if, either:

- We retain the rights to the cash flows, but assume an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby we retain the contractual rights to receive the cash flows of a financial asset (the '**original asset**'), but assume a contractual obligation to pay those cash flows to one or more entities (the '**eventual recipients**'), when all of the following three conditions are met:

1. We have no obligation to pay amounts to the eventual recipients unless we have collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.

2. We cannot sell or pledge the original asset other than as security to the eventual recipients.

3. We have to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, we are not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients. A transfer only qualifies for de-recognition if either:

    - We have transferred substantially all the risks and rewards of the asset; or
    - We have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

    We consider 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 we have neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of our continuing involvement, in which case, we also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that we have retained. On derecognition of a financial asset in its entirety, the difference between:

    (a) the carrying amount (measured at the date of derecognition); and

    (b) the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Restated Summary Statement of Profit and Loss (including other comprehensive income).

Impairment of financial assets

Overview of the Expected Credit Loss principles

We record allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

Expected credit losses ("**ECL**") are a probability-weighted estimate of the present value of credit losses. Credit loss is the difference between all contractual cash flows that are due to us in accordance with the contract and all the cash flows that we expect to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). We estimate cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

We measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, we measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. 12 months expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

We have 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.

Based on the above process, we categorise our loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1 - Assets upto 30 days of principal / interest overdue.
- Stage 2 - (a) Assets with principal / interest past due between 31 to 90 days; (b) Assets where the contractual terms of the loans were renegotiated/modified as per the RBI circular on resolution framework for Covid-19 related stress dated August 6, 2020 and May 5, 2021 and which are not classified as Stage 3; and (c) Assets where credit risk has increased significantly basis qualitative assessment of the borrower.
- Stage 3 – (a) Non-performing assets (credit impaired assets) with principal /interest past due more than 90 days; and

(b) cases where frauds have been identified; (c) loan accounts where principal and/or interest were past due for more than 90 days along with all other loans of such customer, continue to be classified as stage 3, till overdue across all loan accounts are cleared.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 and loans under short term financing, we always measure the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, we have used a practical expedient as permitted under Ind AS 109.

This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the Restated Summary Statement of Assets and Liabilities.

The financial assets for which we have no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Significant Increase in Credit Risk

Accounts which are in 31 - 90 days overdue bucket will be considered as accounts where there has been a significant increase in credit risk ("**SICR**") since initial recognition but are not credit-impaired.

This definition of staging is subject to SICR criteria developed, in which case the accounts which meet the SICR criteria will be classified as Stage II even though they have not breached the backstop indicator conditions (i.e. 0-30 days overdue).

A. Restructured Asset (COVID-19 Restructuring): We have reclassified covid restructured loans under OTR 1.0 and 2.0 by downgrading loans in 0-30 days overdue to "Stage II", as a conservative approach for ECL provisioning. Loans which are already in Stage II are not further reclassified.

B. Restructured Asset other than COVID-19 Restructuring: If any case is classified as restructured other than covid restructuring, then the account will be downgraded to Stage III.

Write-off

Loans and debt securities are written off when we have no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when we determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. We may apply enforcement activities to financial assets written off. Recoveries resulting from our enforcement activities will result in impairment reversals.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by us are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to us or a contract that will or may be settled in our own equity instruments and is a non-derivative contract for which we are or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of our own equity instruments.

Transaction costs incurred in relation to an equity transaction are deducted from equity, net of associated income tax, if any.

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by us, and commitments issued by us to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by us as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that we manage together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'finance costs' line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

We derecognise financial liabilities when, and only when, our obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting 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.

Components of Profit and Loss Statement

Income. Total income comprises revenue from operations and other income.

Revenue from operations. Revenue from operations comprises interest income, fees and commission income, net gain on fair value changes and net gain on derecognition of financial instruments under amortized cost.

Interest income primarily comprises interest on loans to our customers. It also includes interest on our investments and deposits held with banks.

Fees and commission income comprises foreign exchange commissions, insurance commissions and prepayment and other charges.

Other Income. Other income primarily comprises of servicing and collection fees on our assigned loan portfolio, statement charges, profit on sale of fixed assets and income tax refunds.

Expenses.

Total expenses comprise finance costs, impairment on financial instruments, employee benefits expense, depreciation and amortization expenses and other expenses.

Finance Costs. Finance costs comprise interest expense on borrowings, debt securities, securitization liabilities, interest expense on lease liabilities and other finance charges.

Impairment of Financial Instruments. Impairment of financial instruments (measured at amortized cost) comprises of expected credit loss and bad debts written off.

Employee Benefits Expense. Employee benefits expense comprise salaries, bonus and other allowances; contributions to provident and other funds; gratuity; employee share based expenses; and staff welfare expenses.

Depreciation and Amortization Expense. Depreciation and amortization expenses comprise depreciation on property, plant and equipment and amortization of intangible assets and right of use of assets.

Other Expenses. Other expenses primarily comprise business sourcing expenses, information technology expense, legal and professional expenses, travelling and conveyance, and manpower outsourcing expenses.

Our Results of Operations

The following table sets out select financial data for the Financial Years 2024, 2023 and 2022, the components of which are also expressed as a percentage of total income for such Financial Years:

Particulars	**Financial Year**					
	2024		**2023**		**2022**	
	Amount (₹ million)	**% of Total Income**	**Amount (₹ million)**	**% of Total Income**	**Amount (₹ million)**	**% of Total Income**
Income:						
Revenue from operations:						
Interest income	14,437.28	83.51	8,930.82	90.19	4,764.50	93.69
Fees and commission income	1,842.97	10.66	669.38	6.76	278.93	5.48
Net gain on fair value changes	132.49	0.77	66.03	0.67	39.41	0.77
Net gain on derecognition of financial instrument on amortized cost basis	856.86	4.96	229.74	2.32	-	-
Total revenue from operations	**17,269.60**	**99.89**	**9,895.97**	**99.94**	**5,082.84**	**99.95**
Other income	18.46	0.11	6.32	0.06	2.57	0.05
Total income	**17,288.06**	**100.00**	**9,902.29**	**100.00**	**5,085.41**	**100.00**
Expenses:						
Finance costs	8,756.38	50.65	5,398.43	54.52	2,738.87	53.86
Impairment on financial instruments	795.92	4.60	465.89	4.70	190.82	3.75
Employee benefits expense	1,408.89	8.15	948.22	9.58	660.90	13.00
Depreciation and amortization expense	206.06	1.19	133.01	1.34	128.77	2.53
Other expenses	1,527.89	8.84	843.59	8.52	511.45	10.06
Total expenses	**12,695.14**	**73.43**	**7,789.14**	**78.66**	**4,230.81**	**83.20**
Profit before tax	**4,592.92**	**26.57**	**2,113.15**	**21.34**	**854.60**	**16.80**
Tax expense:						
Current tax	996.87	5.77	572.79	5.78	298.34	5.87
Deferred tax	172.02	1.00	(36.75)	(0.37)	(75.81)	(1.49)
Total tax expense	**1,168.89**	**6.76**	**536.04**	**5.41**	**222.53**	**4.38**
Net profit for the year	**3,424.03**	**19.81**	**1,577.11**	**15.93**	**632.07**	**12.43**

Financial Year 2024 compared to Financial Year 2023

Total Income

Our total income increased by 74.59% to ₹17,288.06 million for the Financial Year 2024 from ₹9,902.29 million for the Financial Year 2023, primarily due to an increase in our revenue from operations and other income.

Revenue from Operations: Total revenue from operations increased by 74.51% to ₹17,269.60 million for the Financial Year 2024 from ₹9,895.97 million for the Financial Year 2023. The increase in our revenue from operations was primarily due to an increase in interest income to ₹14,437.28 million for the Financial Year 2024 from ₹8,930.82 million for the Financial Year 2023 on account of an increase in interest on loans to ₹13,864.33 million for the Financial Year 2024 from ₹8,554.85 million for the Financial Year 2023. This was on account of an increase in our average loan book by ₹38,654.24 million during Financial Year 2024, commensurate with growth in our business volume and a marginal increase in average yield by 0.41% to 13.01% as of March 31, 2024. We also earn interest on the deployment of surplus funds towards several instruments such as fixed deposits with banks and treasury bills. Our fees and commission income increased to ₹1,842.97 million for the Financial Year 2024 from ₹669.38 million for the Financial Year 2023 primarily on account of increases in our insurance commission to ₹929.47 million for the Financial Year 2024 from ₹159.90 million for the Financial Year 2023 due to an increase in our business operations and improved commercial terms, forex commission to ₹518.00 million for the Financial Year 2024 from ₹256.22 million for the Financial Year 2023 due to an increase in our business operations and higher penetration, and prepayment and other fees and charges to ₹395.50 million for the Financial Year 2024 from ₹253.26 million for the Financial Year 2023 mainly due to addition of value added third party products. Net gain on derecognition of financial instrument on amortized cost basis increased to ₹856.86 million for the Financial Year 2024 from ₹229.74 million for the Financial Year 2023 on account of higher transfer of loan under direct assignment (including co-lending) during Financial Year 2024, and net gain on fair value changes increased to ₹132.49 million for the Financial Year 2024 from ₹66.03 million for the Financial Year 2023 on account of an increase in realised gain on sale of overnight liquid mutual funds (at FVTPL). This was on account of higher deployment of funds on account of an increase in liquidity commensurate with growth of our business.

Other Income: Other income increased significantly to ₹18.46 million for the Financial Year 2024 from ₹6.32 million for the Financial Year 2023, primarily due to an increase in servicing and collection fees on loan exposure transferred by us leading to an increase in our income from such activities to ₹14.05 million for the Financial Year 2024 from ₹5.26 million for the Financial Year 2023. Further, we also received interest on income tax refunds aggregating to ₹4.22 million during Financial Year 2024.

Total Expenses

Our total expenses increased by 62.99% to ₹12,695.14 million for the Financial Year 2024 from ₹7,789.14 million for the Financial Year 2023, due to increases in our finance costs, impairment on financial instruments, employee benefits expense, depreciation and amortization expense and other expense.

Finance Costs: Finance costs increased by 62.20% to ₹8,756.38 million for the Financial Year 2024 from ₹5,398.43 million for the Financial Year 2023, primarily due to increases in (i) interest expense on borrowings (other than debt securities) to ₹5,394.36 million for the Financial Year 2024 from ₹2,921.15 million for the Financial Year 2023; and (ii) interest on debt securities to ₹3,009.99 million for the Financial Year 2024 from ₹2,009.35 million for the Financial Year 2023. This was on account of an increase in our average borrowings and debt securities to ₹90,101.22 million during the Financial Year 2024 from ₹60,634.19 million during the Financial Year 2023 to support our loan disbursements. Our average cost of borrowings also increased to 9.72% in Financial Year 2024 from 8.90% in Financial Year 2023.

Impairment on Financial Instruments: Impairment on financial instruments increased by 70.84% to ₹795.92 million for the Financial Year 2024 from ₹465.89 million for the Financial Year 2023, primarily due to increases in (i) expected credit loss to ₹332.12 million for the Financial Year 2024 from ₹183.81 million for the Financial Year 2023 on account of growth in our loan book; and (ii) bad debts written-off to ₹463.80 million for the Financial Year 2024 from ₹282.08 million for the Financial Year 2023, primarily on account of loan write offs in accordance with our credit policies.

Employee Benefits Expense: Employee benefits expense increased by 48.58% to ₹1,408.89 million for the Financial Year 2024 from ₹948.22 million for the Financial Year 2023, primarily due to an increase in salaries, bonus and other allowances to ₹1,245.61 million for the Financial Year 2024 from ₹835.54 million for the Financial Year 2023, on account of an increase in the number of our employees to 606 as of March 31, 2024 from 463 as of March 31, 2023, and annual increments.

Depreciation and Amortization Expense: Depreciation and amortization expense increased by 54.92% to ₹206.06 million for the Financial Year 2024 from ₹133.01 million for the Financial Year 2023, primarily due to an increase in depreciation of owned property, plant and equipment to ₹90.82 million for the Financial Year 2024 from ₹43.15 million for the Financial Year 2023, on account of addition of property, plant and equipment of ₹193.62 million during the Financial Year 2024 from ₹114.06 million during the Financial Year 2023. Further, amortization on RoU assets increased by ₹26.18 million to ₹53.92 million during the Financial Year 2024 from ₹27.74 million during Financial Year 2023, primarily due to relocation of our corporate office to a larger premises on a leasehold basis and relocation of five branches on a leasehold basis during the financial year.

Other Expenses: Other expenses increased by 81.12% to ₹1,527.89 million for the Financial Year 2024 from ₹843.59 million for the Financial Year 2023, primarily due to increases in (i) business sourcing expenses to ₹411.34 million for the Financial Year 2024 from ₹174.76 million for the Financial Year 2023 on account of lead generation expenses and sales incentives to our employees; (ii) information technology expenses to ₹364.56 million for the Financial Year 2024 from ₹197.57 million for the Financial Year 2023 on account of additional technology expenses to support the growth of our business volume and updates to our IT infrastructure; and (iii) manpower outsourcing expenses to ₹169.84 million for the Financial Year 2024 from ₹45.82 million for the Financial Year 2023 to support the growth of our business.

Tax Expense: Total tax expense increased significantly to ₹1,168.89 million for the Financial Year 2024 from ₹536.04 million for the Financial Year 2023. For the Financial Year 2024, we incurred current tax of ₹996.87 million and a deferred tax charge of ₹172.02 million. For the Financial Year 2023, we incurred current tax of ₹572.79 million and a deferred tax credit of ₹36.75 million. Our effective tax rate was 25.45% and 25.37% for the Financial Years 2024 and 2023, respectively.

Net profit for the year: Our net profit for the year increased significantly to ₹3,424.03 million for the Financial Year 2024 from ₹1,577.11 million for the Financial Year 2023.

Financial Year 2023 compared to Financial Year 2022

Total Income

Our total income increased by 94.72% to ₹9,902.29 million for the Financial Year 2023 from ₹5,085.41 million for the Financial Year 2022, due to increase in our revenue from operations and other income.

Revenue from Operations: Total revenue from operations increased by 94.69% to ₹9,895.97 million for the Financial Year 2023 from ₹5,082.84 million for the Financial Year 2022. The increase in our revenue from operations was primarily due to an increase in interest income to ₹8,930.82 million for the Financial Year 2023 from ₹4,764.50 million for the Financial Year 2022 on account of increases in interest on loans to ₹8,554.85 million for the Financial Year 2023 from ₹4,617.46 million for the Financial Year 2022. This was on account of an increase in our average loan book by ₹30,437.95 million during Financial Year 2023, commensurate with the growth in our business volume and a marginal increase in average yield by 0.3% to 12.6% during Financial Year 2023. We also earn interest on deployment of surplus funds towards several instruments such as fixed deposits with banks and treasury bills. Interest income on fixed deposits with banks increased to ₹353.61 million for the Financial Year 2023 from ₹147.01 million for the Financial Year 2022 due to deployment of surplus liquidity into fixed deposit with banks. Fees and commission income to ₹669.38 million for the Financial Year 2023 from ₹278.93 million for the Financial Year 2022 on account of increase in our forex commission to ₹256.22 million for the Financial Year 2023 from ₹94.44 million for the Financial Year 2022, insurance commission to ₹159.90 million for the Financial Year 2023 from ₹65.42 million for the Financial Year 2022 due to an increase in our operations and higher penetration, and prepayment and other fees and charges to ₹253.26 million for the Financial Year 2023 from ₹119.07 million for the Financial Year 2022 due to addition of value added third party products and higher prepayment charges. Net gain on derecognition of financial instrument on amortized cost basis to ₹229.74 million for the Financial Year 2023 from nil for the Financial Year 2022 on account of an increase in net gain on derecognition on transfer of loan exposures during the Financial Year 2023 through direct assignment. Net gain on fair value changes to ₹66.03 million for the Financial Year 2023 from ₹39.41 million for the Financial Year 2022 on account of an increase in realised gain on sale / redemption of mutual funds / units (at FVTPL) due to higher deployment of funds on account of an increase in liquidity commensurate with the growth of our business.

Other Income: Other income increased significantly to ₹6.32 million for the Financial Year 2023 from ₹2.57 million for the Financial Year 2022, primarily due to an increase in servicing and collection fees on loan exposure transferred by us leading to an increase in our income from such activities to ₹5.26 million for the Financial Year 2023 from ₹2.56 million for the Financial Year 2022. Further, we have also had profit on sales of fixed assets of ₹1.04 million in Financial Year 2023 compared to nil in Financial Year 2022.

Total Expenses

Our total expenses increased by 84.11% to ₹7,789.14 million for the Financial Year 2023 from ₹4,230.81 million for the Financial Year 2022, due to increases in our finance costs, impairment on financial instruments, employee benefits expense, depreciation and amortization expense and other expense.

Finance Costs: Finance costs increased by 97.10% to ₹5,398.43 million for the Financial Year 2023 from ₹2,738.87 million for the Financial Year 2022, primarily due to increases in (i) interest expense on borrowings (other than debt securities) to ₹2,921.15 million for the Financial Year 2023 from ₹1,523.83 million for the Financial Year 2022; (ii) interest on debt securities to ₹2,009.35 million for the Financial Year 2023 from ₹955.45 million for the Financial Year 2022; and (iii) interest on securitization to ₹375.06 million for the Financial Year 2023 from ₹167.12 million for the Financial Year 2022. This was on account of an increase in our average borrowings and debt securities to ₹60,634.19 million during the Financial Year 2023 from ₹31,259.89 million during the Financial Year 2022 to support our loan disbursements. Our average cost of borrowings also increased to 8.90% during Financial Year 2023 from 8.76% in Financial Year 2022.

Impairment on Financial Instruments: Impairment on financial instruments increased significantly to ₹465.89 million for the Financial Year 2023 from ₹190.82 million for the Financial Year 2022, primarily due to a increases in (i) bad debts written off to ₹282.08 million for the Financial Year 2023 from ₹44.28 million for the Financial Year 2022 on account of higher loan write-offs and loan settlement losses; and (ii) expected credit loss to ₹183.81 million for the Financial Year 2023 from ₹146.54 million for the Financial Year 2022 on account of growth in our loan book.

Employee Benefits Expense: Employee benefits expense increased by 43.47% to ₹948.22 million for the Financial Year 2023 from ₹660.90 million for the Financial Year 2022, primarily due to an increase in salaries, bonuses and other allowances to ₹835.54 million for the Financial Year 2023 from ₹576.22 million for the Financial Year 2022, on account of an increase in the number of our employees to 463 as of March 31, 2023 from 397 as of March 31, 2022, and annual increments.

Depreciation and Amortization Expense: Depreciation and amortization expense increased by 3.29% to ₹133.01 million for the Financial Year 2023 from ₹128.77 million for the Financial Year 2022, primarily due to an increase in depreciation of owned property, plant and equipment to ₹43.15 million for the Financial Year 2023 from ₹33.29 million for the Financial Year 2022, on account of addition of tangible assets amounting to ₹114.06 million during the Financial Year 2023 from ₹90.15 million during the Financial Year 2022.

Other Expenses: Other expenses increased by 64.94% to ₹843.59 million for the Financial Year 2023 from ₹511.45 million for the Financial Year 2022, primarily due to increases in (i) information technology expenses to ₹197.57 million for the Financial Year 2023 from ₹117.22 million for the Financial Year 2022 to support the growth of our business; (ii) business sourcing expenses to ₹174.76 million for the Financial Year 2023 from ₹108.53 million for the Financial Year 2022, primarily on account of lead generation expenses and sales incentives to employees; and (iii) legal and professional expenses to ₹160.80 million for the Financial Year 2023 from ₹61.25 million for the Financial Year 2022 on account of growth in our business and engagement of professionals for market research.

Tax Expense: Total tax expense increased significantly to ₹536.04 million for the Financial Year 2023 from ₹222.53 million for the Financial Year 2022. For the Financial Year 2023, we incurred current tax of ₹572.79 million and a deferred tax of

₹36.75 million. For the Financial Year 2022, we incurred current tax of ₹298.34 million and a deferred tax credit of ₹75.81 million. Our effective tax rate was 25.37% and 26.04% for the Financial Years 2023 and 2022, respectively.

Net profit for the year: Our net profit for the year increased significantly to ₹1,577.11 million for the Financial Year 2023 from ₹632.07 million for the Financial Year 2022.

Financial Position

Assets

The following table sets forth the components of our assets as of March 31, 2024, 2023 and 2022:

Particulars	As at March 31,		
	2024	2023	2022
	(₹ million)		
ASSETS			
Financial assets:			
Cash and cash equivalents	13,007.60	7,870.77	3,252.67
Bank balances other than cash and cash equivalents	2,296.07	3,428.18	3,321.65
Derivative financial instruments	3.32	147.21	35.10
Trade receivables	91.94	83.30	26.92
Loans	123,968.20	83,712.24	47,159.87
Investments	2,431.46	644.17	127.35
Other financial assets	145.04	593.86	34.56
Sub-Total:	**141,943.63**	**96,479.73**	**53,958.12**
Non-Financial assets:			
Current tax assets (net)	190.60	195.28	27.67
Deferred tax assets (net)	94.77	225.02	191.42
Property, plant and equipment	233.11	130.88	66.28
Right of use assets	440.16	34.86	48.78
Intangible assets under development	112.89	46.41	10.80
Other intangible assets	135.18	63.45	77.57
Capital work-in-progress	88.67	-	-
Other non-financial assets	199.34	123.88	149.51
Sub-Total:	**1,494.72**	**819.78**	**572.03**
Total Assets	**143,438.35**	**97,299.51**	**54,530.15**

Our total assets as of March 31, 2024 were ₹143,438.35 million, compared to ₹97,299.51 million as of March 31, 2023 and ₹54,530.15 million as of March 31, 2022. The increase in our total assets was primarily on account of a significant growth in our loan portfolio during the financial year primarily due to increase in our student loan – international business.

Cash and Cash Equivalents

Our cash and cash equivalents as of March 31, 2024 were ₹13,007.60 million, compared to ₹7,870.77 million as of March 31, 2023, and to ₹3,252.67 million as of March 31, 2022. Our cash and cash equivalents increased between March 31, 2022 and March 31, 2024, primarily due to increased liquidity commensurate with growth in our business. We deployed surplus funds towards various instruments such as fixed deposits with banks, treasury bills and overnight liquid mutual funds. The increase in cash and cash equivalents in Financial Year 2024 compared to Financial Year 2023 is primarily on account of an aggregate increase in capital of ₹10,000.00 million and fresh borrowings of ₹4,300.00 million during March, 2024.

Bank balance other than cash and cash equivalents

We had bank balance other than cash and cash equivalents as of March 31, 2024 of ₹2,296.07 million, compared to ₹3,428.18 million as of March 31, 2023, compared to ₹3,321.65 million as of March 31, 2022. Our bank balance other than cash and cash equivalents increased between March 31, 2022 and March 31, 2024, primarily due to decreases in fixed deposits (with original maturity of more than three months).

Loans

We had loans as of March 31, 2024 of ₹123,968.20 million, compared to ₹83,712.24 million as of March 31, 2023, compared to ₹47,159.87 million as of March 31, 2022. The increase in our loans between March 31, 2022 and March 31, 2024 was primarily on account of an increase in disbursements and AUM, along with changes in our disbursement mix.

Other Financial Assets

We had other financial assets as of March 31, 2024 of ₹145.04 million, compared to ₹593.86 million as of March 31, 2023, compared to ₹34.56 million as of March 31, 2022. The changes in other financial assets between March 31, 2022 and March 31, 2023 was primarily on account of security deposits towards leased assets. The decrease in other financial assets in Financial Year 2024 as compared to Financial Year 2023 was primarily on account of realization of receivables from certain intermediaries during Financial Year 2024 and partially offset by an increase in security deposits towards leased assets.

Liabilities

The following table sets forth the principal components of our liabilities as of March 31, 2024, March 31, 2023 and March 31, 2022:

Particulars	As at March 31,		
	2024	2023	2022
	(₹ million)		
LIABILITIES			
Financial Liabilities:			
Derivative financial instruments	116.39	-	-
Trade payables			
- Total outstanding dues of micro and small enterprises	0.85	7.77	3.77
- Total outstanding dues of creditors other than micro and small enterprises	750.22	539.60	337.88
Debt securities	30,534.36	28,238.75	11,552.95
Borrowings (other than debt securities)	70,313.34	43,091.77	28,680.34
Subordinated liabilities	504.75	770.73	769.50
Other financial liabilities	4,250.17	3,053.83	3,006.34
Sub-Total:	**106,470.08**	**75,702.45**	**44,350.78**
Non-Financial Liabilities:			
Current tax liabilities (net)	-	-	19.24
Provisions	30.25	13.67	7.46
Other non-financial liabilities	170.85	86.17	56.03
Sub-Total:	**201.10**	**99.84**	**82.73**
Total Liabilities	**106,671.18**	**75,802.29**	**44,433.51**
EQUITY			
Equity share capital	1,259.12	1,066.38	825.92
Other equity	35,508.05	20,430.84	9,270.72
Total Equity	**36,767.17**	**21,497.22**	**10,096.64**
Total Liabilities and Equity	**143,438.35**	**97,299.51**	**54,530.15**

Debt Securities

We had debt securities as of March 31, 2024 of ₹30,534.36 million, compared to ₹28,238.75 million as of March 31, 2023, compared to ₹11,552.95 million as of March 31, 2022. The increase in debt securities between March 31, 2022 and March 31, 2024 was primarily on account of issuance of NCDs through private placement to address the credit requirements of our growing loan assets, partially offset by maturity of some of the NCDs.

Borrowings (Other than Debt Securities)

We had borrowings (other than debt securities) as of March 31, 2024 of ₹70,313.34 million, compared to ₹43,091.77 million as of March 31, 2023, compared to ₹28,680.34 million as of March 31, 2022. The increase in borrowings (other than debt securities) between March 31, 2022 and March 31, 2024 was on account of an increase in our borrowings from banks and financial institutions to address the credit requirements of our growing customer base and replacement of existing borrowings.

Total Liabilities

We had total liabilities aggregating to ₹106,671.18 million as of March 31, 2024, as compared to ₹75,802.29 million as of March 31, 2023, and ₹44,433.51 million as of March 31, 2022. This increase was primarily on account of an increase in our borrowings and debt securities, in line with the growth in our business.

Shareholders' Funds

Our total equity as of March 31, 2024 was ₹36,767.17 million, representing 25.63% of our total assets. As of March 31, 2023, our total equity was ₹21,497.22 million, representing 22.09% of our total assets. As of March 31, 2022, our total equity was ₹10,096.64 million, representing 18.51% of our total assets. The increase in our total equity between March 31, 2022 and March 31, 2024, was primarily due to an increase in our retained earnings and increased capital infusions in Financial Years 2023 and 2024.

Liquidity and Capital Resources

Our debt financing requirements have been historically met from diverse sources, including public and private sector banks, external commercial borrowings and issuance of non-convertible debentures. As of March 31, 2024, March 31, 2023 and March 31, 2022, we had borrowings (other than debt securities) of ₹70,313.34 million, ₹43,091.77 million, and ₹28,680.34 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 repayment obligations of our liabilities on maturity. All our loan agreements contain a number of covenants including financial covenants. For details, see "*Financial Indebtedness*" and "*Risk Factors – Internal Risk Factors –Our inability to meet our obligations under our financing agreements and instruments could adversely affect our business, results of operations, financial condition and cash flows*" on pages 372 and 38, respectively.

Cash Flows

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

Particulars	As at March 31,		
	2024	2023	2022
	(₹ million)		
Net cash (used in) operating activities (A)	(34,950.19)	(35,325.20)	(14,904.82)
Net cash (used in)/generated from investment activities (B)	(430.17)	(371.69)	372.52
Net cash generated from financing activities (C)	40,517.19	40,314.99	16,597.29
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	5,136.83	4,618.10	2,064.99
Cash and cash equivalents at the end of the year	13,007.60	7,870.77	3,252.67

Operating Activities

Net cash used in operating activities was ₹34,950.19 million for the Financial Year 2024. Our profit before tax was ₹4,592.92 million for the Financial Year 2024. Cash used in operations before working capital changes was ₹2,510.06 million, which was primarily adjusted for interest income on loans of ₹13,864.33 million and interest expense on borrowings of ₹8,695.31 million. Changes in our working capital for the Financial Year 2024 primarily comprised an increase in loans of ₹32,898.61 million.

Net cash used in operating activities was ₹35,325.20 million for the Financial Year 2023. Our profit before tax was ₹2,113.15 million for the Financial Year 2023. Cash used in operations before working capital changes was ₹335.05 million, which was primarily adjusted for interest income on loans of ₹8,554.85 million and interest expense on borrowings of ₹4,826.47 million. Changes in our working capital for the Financial Year 2023 primarily comprised an increase in loans of ₹33,740.14 million.

Net cash used in operating activities was ₹14,904.82 million for the Financial Year 2022. Our profit before tax was ₹854.60 million for the Financial Year 2022. Cash generated from operations before working capital changes was ₹12.68 million, which was primarily adjusted for interest income on loans of ₹4,617.46 million and interest expense on borrowings of ₹2,466.80 million. Changes in our working capital for the Financial Year 2022 primarily comprised an increase in loans of ₹17,039.59 million.

Investing Activities

Net cash used in investing activities was ₹430.17 million for the Financial Year 2024, primarily comprising (i) investments in mutual fund units at FVTPL of ₹95,795.21 million; (ii) investments in treasury bills at amortized cost of ₹14,215.27 million; and (iii) purchase of property, plant and equipment, and intangible assets of ₹481.84 million, which was partially offset by (i) sale of mutual fund units at FVTPL of ₹95,927.70 million; (ii) redemption in treasury bills of ₹12,550.00 million; and (iii) fixed deposit not considered as cash and cash equivalents (net) of ₹1,132.11 million.

Net cash used in investing activities was ₹371.69 million for the Financial Year 2023, primarily comprising (i) investments in mutual fund units at FVTPL of ₹41,348.55 million; and (ii) investments in treasury bills at amortized cost of ₹1,374.46 million, which was partially offset by (i) sale of mutual fund units at FVTPL of ₹41,414.58 million; (ii) redemption in treasury bills of ₹880.00 million; and (iii) redemption of fixed deposit not considered as cash and cash equivalents (net) of ₹106.53 million.

Net cash generated from investing activities was ₹372.52 million for the Financial Year 2022, primarily comprising sale of mutual fund units at FVTPL of ₹24,338.51 million, which was partially offset by investments in mutual fund units at FVTPL of ₹23,748.86 million.

Financing Activities

Net cash generated from financing activities was ₹40,517.19 million for the Financial Year 2024, primarily comprising (i) borrowings (other than debt securities) taken of ₹41,849.88 million; (ii) proceeds from issue of equity share (including securities premium) of ₹11,891.77 million; (iii) debt securities and subordinated liabilities issued of ₹11,800.00 million; and (iv) proceeds from short-term borrowings (net) of ₹162.87 million, which was partially offset by (i) borrowings (other than debt securities) repaid of ₹14,425.60 million; (ii) debt securities and subordinated liabilities repaid of ₹10,700.00 million; and (iii) payment towards lease liability of ₹61.73 million.

Net cash generated from financing activities was ₹40,314.99 million for the Financial Year 2023, primarily comprising (i) borrowings (other than debt securities) taken of ₹21,690.39 million; (ii) debt securities and subordinated liabilities issued of ₹22,760.02 million; and (iii) proceeds from issue of equity share (including securities premium) of ₹9,751.41 million, which was partially offset by (i) borrowings (other than debt securities) repaid of ₹7,101.21 million; (ii) debt securities and subordinated liabilities repaid of ₹6,550.00 million; (iii) proceeds from short-term borrowings (net) of ₹200.00 million; and (iv) payment towards lease liability of ₹35.62 million.

Net cash generated from financing activities was ₹16,597.29 million for the Financial Year 2022, primarily comprising (i) borrowings (other than debt securities) taken of ₹17,696.53 million; (ii) debt securities and subordinated liabilities issued of ₹8,600.00 million; and (iii) proceeds from short-term borrowings (net) of ₹1.19 million, which was partially offset by (i) borrowings (other than debt securities) repaid of ₹3,664.74 million; (ii) debt securities and subordinated liabilities repaid of ₹6,000.00 million; and (iii) payment towards lease liability of ₹35.69 million.

Financial Indebtedness

The following table sets forth certain information relating to outstanding indebtedness as of March 31, 2024, and our repayment obligations in the periods indicated:

Particulars	As at March 31, 2024				
	Payment due by period				
	Total	0 - 1 year	1 - 3 years	3 - 5 years	More than 5 years
	(₹ million)				
Financial liabilities					
Derivative financial instruments	116.39	-	-	-	116.39
Trade payables	751.07	751.07	-	-	-
Debt securities	34,451.60	14,226.61	19,927.99	297.00	-
Borrowings (other than debt securities)	85,168.72	24,325.57	45,691.88	14,088.53	1,062.74
Subordinated liabilities	672.27	47.13	94.25	530.89	-
Other financial liabilities	4,250.17	3,237.08	16.03	-	997.06
Total	**125,410.22**	**42,587.46**	**65,730.15**	**14,916.42**	**2,176.19**
Financial Assets					
Derivative financial instruments	3.32	-	-	-	3.32
Cash and cash equivalents	13,007.60	13,007.60	-	-	-
Other bank balances	2,296.07	2,019.55	30.90	-	245.63
Loans	2,28,535.66	11,611.42	41,181.72	57,599.43	1,18,143.09
Investments	2,431.46	2,431.46	-	-	-
Trade receivables	91.94	91.94	-	-	-
Other financial assets	145.04	30.88	11.68	63.26	39.22
Total	**2,46,511.09**	**29,192.84**	**41,224.30**	**57,662.69**	**1,18,431.26**

Note: The gross inflows disclosed in the table above represent the contractual undiscounted cash flows relating to financial liabilities and financial assets held for risk management purposes and which are not usually closed out before contractual maturity.

Securitization and Assignment (including co-lending) Arrangements

Our assignments (including co-lending arrangements) for the Financial Years 2024, 2023 and 2022 amounted to ₹7,641.77 million, ₹3,145.19 million, and nil, respectively. Our securitization arrangements for the Financial Years 2024, 2023 and 2022 amounted to nil, ₹850.34 million and ₹4,940.32 million, respectively.

Contingent Liabilities and Commitments

As of March 31, 2024, our contingent liabilities (as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets) were as follows:

Contingent Liabilities	As of March 31, 2024 (₹ in million)
Income Tax matters: Appeals filed by the Company	31.68

Off-Balance Sheet Commitments and Arrangements

Except as disclosed below and under "– *Securitization and Assignment (including co-lending) Arrangements*" on page 368, 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.

Our total borrowings include external commercial borrowing from international banks and institutions. For details, see "*Financial Indebtedness*" on page 372.

We have entered into cross currency swap arrangements to hedge the risks emanating from these borrowings.

Capital Expenditure

Our capital expenditure primarily comprises expenditure incurred towards expansion of our branch network and investment in technological infrastructure. During the Financial Years 2024, 2023 and 2022, our capital expenditure amounted to ₹481.84 million, ₹197.68 million and ₹92.69 million, respectively. For the Financial Year 2025, we expect our capital expenditure to be incurred for expansion of our branch network and enhancement of our information technology infrastructure.

Capital to Risk Weighted Assets Ratios

The following table sets forth certain details of our Company's capital to risk weighted assets ratio (CRAR) (on a standalone basis) as of the dates indicated:

Particulars	As of and for the year ended March 31,		
	2024	2023	2022
	(%)		
Capital to risk weighted assets ratio (CRAR) (%)	27.52	24.86	22.96
Tier I Capital (%)	26.94	24.35	21.61
Tier II Capital (%)	0.58	0.51	1.35

Credit Ratings

Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Our credit ratings for our outstanding debt instruments as of March 31, 2024, March 31, 2023 and March 31, 2022, is set out below:

Rating Agency	Instrument	March 31, 2024	March 31, 2023	March 31, 2022
CARE Ratings Limited	Long term bank facilities	CARE AA-/ Stable	CARE A+ / Positive	CARE A+ / Stable
	Market Linked Debentures	CARE PP-MLD AA-/ Stable	CARE PP-MLD A+ / Positive	-
	Non-Convertible Debentures (Including subordinated debt)	CARE AA-/ Stable	CARE A+ / Positive	CARE A+ / Stable
	Commercial Paper	CARE A1+	CARE A1+	CARE A1+
Brickwork Ratings	Secured non-convertible debentures	BWR AA-/Stable	BWR A+/Positive	BWR A+/ Stable
	Unsecured subordinated debt			
ICRA Limited	Commercial Paper	ICRA A1+	-	-

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties. For details of our related party transactions, see "*Offer Document Summary – Summary of related party transactions*" on page 22.

Quantitative and Qualitative Disclosures about Market Risk

In the course of our business, we are exposed to certain financial risks such as credit risk, liquidity and interest rate risk, operational risk and certain other risks.

Credit Risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to us. In our lending operations, we are principally exposed to credit risk.

We have structured and standardized credit approval processes which include comprehensive credit risk assessment encompassing analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of the borrower. The credit appraisal process includes identification of underlying risks, mitigating factors and residual risks associated with the customer. We measure, monitor and manage credit risk at an individual borrower level and at the portfolio level for non-retail borrowers. The credit risk for retail borrowers is managed at the portfolio level. Periodic analysis of the credit portfolio is conducted and necessary corrective measures are implemented by us.

Operational Risk

Operational risk is the risk of loss resulting from inadequate internal processes, people or systems, fraud, or from external events. We focus on management and control of operational risks through a comprehensive system of internal controls and monitoring performance of each function against defined thresholds. Operational risk management comprises identification and assessment of risks and controls, new products and process approval framework, measurement through operational risk incidents, monitoring through key risk indicators and mitigation through process and control enhancement.

Liquidity Risk

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both, the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

We manage liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse products, we maintain flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Our management regularly monitors the position of cash and cash equivalents as compared to our projections.

Market Risk (Interest Rate Risk)

We are exposed to interest rate risk as we have assets and liabilities based on floating and fixed interest rates. We have adopted an asset and liability management policy which empowers our Asset and Liability Management Committee to assess the interest rate risk and provide appropriate guidelines.

Foreign Currency Risk

Our hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. We enter into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Significant Economic Changes and 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 in "— *Significant Factors Affecting our Results of Operations*" on page 350 and the uncertainties described in "*Risk Factors*" on page 26. To our knowledge, except as disclosed in this Draft Red Herring Prospectus, there are no known trends or uncertainties which we expect to have a material adverse effect on our income.

Future Relationship between Cost and Revenue

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 26, 174 and 348, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

New Products or Business Segments

Other than as disclosed in this section and in "*Our Business*" on page 174, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

Dependence on a Few Customers

Given the nature of our operations, we are not dependent on any single or a few customers.

Seasonality of Business

Our business is seasonal in nature and the overseas university admissions cycle contributes to an increase in our revenue from operations during the second quarter of every Financial Year. This trend primarily applies to higher education institutions in the United States and other geographies such as Canada, the United Kingdom, Ireland and Australia. See also "*Risk Factors – The volume of our business may vary during certain periods in a financial year, primarily in connection with student loans – international business*" on page 46.

Competitive Conditions

We operate in a competitive environment. Please refer to "*Our Business*", "*Industry Overview*" and "*Risk Factors*" on pages 174, 115 and 26, respectively for further information on our industry and competition.

Recent Accounting Pronouncements

As of the date of this Draft Red Herring Prospectus, there are no recent accounting pronouncements, which would have a material effect on our financial condition or results of operations.

Significant developments subsequent to March 31, 2024

Except as disclosed in this Draft Red Herring Prospectus, no circumstances have arisen since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at March 31, 2024, as derived from our Restated Summary Statements, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Restated Summary Statements*" and "*Risk Factors*" beginning on pages 348, 243 and 26, respectively.

(₹ in million, unless otherwise stated)

Particulars	Pre-Offer as at March 31, 2024	As adjusted for the Offer^
Borrowings (other than Debt Securities) (A)	70,313.34	[●]
Debt securities (B)	30,534.36	[●]
Subordinated liabilities (C)	504.75	[●]
Total Borrowings (D=A+B+C)	**101,352.45**	[●]
Equity		
Equity share capital (E)	1,259.12	[●]
Other equity (F)	35,508.05	[●]
Total Equity (G=E+F)	**36,767.17**	[●]
Total Capitalisation (H=D+G)	**138,119.62**	[●]
Ratio: Total borrowings/ Total Equity (D/G)	**2.76**	[●]

^ *The corresponding post-Offer capitalization data is not determinable at this stage pending the completion of the Book Building Process and hence have not been furnished. To be updated upon finalization of the Offer Price.*

Note: Subsequent to March 31, 2024, the Board of Directors of the Company in its meeting held on April 4, 2024 and shareholders in the Extraordinary General Meeting held on April 26, 2024 approved the sub-division of equity shares from ₹10 per share to ₹5 per share.

FINANCIAL INDEBTEDNESS

Our Company has availed loans and other financing arrangements in the ordinary course of business primarily for onward lending to the borrowers of our Company and to meet its business requirements.

For details regarding the borrowing powers of our Board, see "*Our Management – Borrowing powers of the Board*" on page 218.

Set forth below is a table of the aggregate borrowings of our Company which stood at ₹102,254.84 million, as on May 31, 2024:

(₹ in million)

Category of borrowing	Sanctioned amount	Outstanding amount
Debt securities		
Non-convertible debentures (Secured)	28,700.00	30,791.15
Borrowings (other than debt securities)		
Term loans from banks and financial institutions	81,500.00	60,145.91
Cash credit from banks	870.00	0.01
Securitisation borrowing	1,422.36	1,422.36
External commercial borrowings	13,310.15	9,382.63
Subordinated liabilities		
Non-convertible debentures (Unsecured)	500.00	512.78
Total	**126,302.51**	**102,254.84**

* *As certified by V. C. Shah and Co., Chartered Accountants, pursuant to the certificate dated June 20, 2024.*

As on the date of this Draft Red Herring Prospectus, our Subsidiary had no outstanding borrowings.

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by our Company. See "*Risk Factors – Internal Risk Factors - Our inability to meet our obligations under our financing agreements and instruments could adversely affect our business, results of operations, financial condition and cash flows.*" on page 38.

Principal terms of our outstanding borrowings availed by our Company:

1. ***Tenor***: The tenor of the term loans availed by our Company typically ranges from 12 months to 84 months.

   The maturity period of the NCDs (secured) issued by our Company typically ranges from 20 months to 120 months, and up to 120 months, and NCDs (unsecured) has a maturity of 120 months respectively. Further, the ECBs issued by our Company are repayable in 36 months to 117 months.

2. ***Interest***: In terms of the loans availed by our Company, the interest rate is typically the base rate/ MCLR of a specified lender and spread per annum, subject to a minimum interest rate. The spread varies among different loans.

   Our Company has also issued NCDs (secured and unsecured) to various subscribers, for which our Company has entered into debenture trust deeds and in terms of these facilities, a specified interest or coupon rate is to be paid per annum. The coupon rate for such facilities issued by our Company typically ranges from 9.05% per annum to 10.25% per annum. The interest rate for the term loans availed by our Company ranges from 6.00% per annum to 10.90% per annum.

   Further, for certain borrowings availed by our Company, additional interest rates ranging up to 2% have been stipulated on the occurrence of certain events of default including, but not limited to, payment related default and breach of terms and conditions.

3. ***Security***: Our secured borrowings are typically secured by way of *a first pari passu* charge on our Company's current assets and receivables, all the present and future debts owed to our Company by its debtors/customers;

4. ***Repayment:*** The repayment term for our term loans is typically staggered, with some lenders providing moratorium ranging from six months to two years, with payment to be done on monthly, quarterly, or annual basis. Further, in terms of the NCDs (secured and unsecured), the redemption is in full on maturity. The repayment period for our ECBs ranges from quarterly (with moratorium) to full on maturity.

5. ***Prepayment:*** The term loans and ECBs availed and the NCDs (secured and unsecured) issued by our Company typically provide for prepayment and early redemption respectively, with prior notice on payment of certain penalties. While few of our term loans can be repaid only on the lender's discretion, the prepayment penalty typically ranges from 1.00% to 4.00% of the amount being prepaid with respect to the term loans.

6. ***Penalty:*** The facilities issued and availed by our Company contain provisions prescribing penalties, over and above the prescribed interest rate, for delayed payment or default in the repayment obligations of our Company, which typically range up to 2% of the amounts involved with respect to term loans and NCDs (secured and unsecured).

7. ***Restrictive covenants:*** The loans availed by our Company typically, contain certain key covenants, which require prior

approval of, or intimation to, the lenders and other relevant parties for certain specified events on corporate actions, including *inter-alia*:

(a) Change in capital structure or shareholding pattern or ownership of our Company;

(b) Change in the management or management set up of our Company;

(c) Creation of further charge or any other encumbrance on the security provided for our borrowings;

(d) Change, diversification or expansion in business activities;

(e) Changes in special rights held by the Shareholders;

(f) Change in practice of remuneration of Directors;

(g) Appointment of other banks (apart from the existing lenders) in relation to capital market transactions;

(h) Amendment or modification of constitutional documents of our Company;

(i) Formulation of scheme of merger, consolidation, reorganisation, reconstruction, compromise or amalgamation; and

(j) Dilution or transfer of promoter shareholding and non-maintenance of shareholding of promoters/ directors at the prescribed threshold.

8. ***Events of default:*** Borrowing arrangements entered into by our Company contain standard events of default, including *inter-alia*:

(a) Furnishing of misleading information to the lender.

(b) Violation of any term of the relevant agreement or any other borrowing agreement entered into by our Company with the lender;

(c) Any breach of the financial covenants by our Company beyond the prescribed limits as mentioned under various borrowing agreements;

(d) If our Company ceases or threatens in writing to cease to carry on its business or gives notice in writing of its intention to do so;

(e) Non-creation of the required security as required under the loan agreement entered into between our Company and lender within the stipulated time;

(f) Non-payment of instalment/ interest within stipulated time;

(g) Revocation of approvals obtained by our Company from government authorities.

(h) Diversion of funds for purposes other than the stipulated purpose;

(i) Any attachment or restraint of our Company's properties

(j) If a receiver is appointed in respect of the whole or any part of the property/assets of our Company or if any attachment/distress proceedings have been initiated against our Company;

(k) Any government or governmental authority, agency, official or entity takes or threatens any action against our Company for nationalization or expropriation;

(l) Our Company voluntarily or involuntarily becomes the subject of proceedings under any bankruptcy or insolvency law; and

(m) Shareholding of our Promoter falls below certain threshold.

9. ***Consequences on occurrence of event of default***: In terms of the facility agreements and sanction letters, in case of occurrence of events of default set out above, our lenders may, among others:

(a) terminate either whole or part of the facility and/ or declare that the dues and all obligations and facilities shall immediately become due and payable to the lender;

(b) take possession of and/or transfer and dispose off the assets comprised within the security;

(c) appointment of nominee director on the board;

(d) conversion of outstanding loan obligations into equity or other securities;

(e) stipulate any additional condition as they may deem fit;

(f) review the management set-up or organization of our Company; and

(g) exercise such remedies as may be permitted or available to the lender under law and the finance documents.

For the purpose of the Offer, our Company is in the process of obtaining necessary consents from our lenders as required under the relevant loan documentations for undertaking activities relating to the Offer including consequent corporate actions, such as change in our capital structure, change in the board composition, amendments to the charter documents of our Company, etc.

Details of listed non-convertible debentures issued by our Company

The following table sets forth the ISIN and scrip code of the non-convertible debentures issued by our Company:

Series	ISIN	Outstanding amount (₹ in million) as on May 31, 2024	Date of allotment	Redemption date	Coupon (%)	Security	Credit rating (at the time of issue)
NCD 001	INE087P07022	250.00	July 31, 2015	July 31, 2025	10.10	Hypothecation of loan receivables and mortgage of land parcel	BWR AA+ (SO) & CARE AA+
NCD 003	INE087P07048	150.00	August 7, 2015	August 7, 2025	10.10	Hypothecation of loan receivables and mortgage of land parcel	BWR AA+ (SO) & CARE AA+ (SO)
NCD Series 14	INE087P07204	1,500.00	March 24, 2022	March 24, 2025	10.25	Hypothecation of loan receivables	CARE A+
NCD Series 17	INE087P07238	2,000.00	August 2, 2022	June 25, 2024	9.30[1]	Hypothecation of loan receivables	CARE PP-MLD A+
NCD Series 18	INE087P07246	4,000.00	August 26, 2022	October 3, 2024	9.05[2]	Hypothecation of loan receivables	CARE PP-MLD A+
NCD Series 20	INE087P07261	2,000.00	September 7, 2022	May 7, 2025	9.30	Hypothecation of loan receivables	CARE A+
NCD Series 21	INE087P07279	1,500.00	September 23, 2022	January 31, 2025	9.25[3]	Hypothecation of loan receivables	CARE PP-MLD A+
NCD Series 22	INE087P07287	2,500.00	November 4, 2022	April 4, 2025	9.25[4]	Hypothecation of loan receivables	CARE PP-MLD A+
NCD Series 23	INE087P07295	2,500.00	January 12, 2023	January 12, 2026	9.25	Hypothecation of loan receivables	CARE A+
NCD Series 24	INE087P07303	1,000.00	February 1, 2023	February 1, 2026	9.25	Hypothecation of loan receivables	CARE A+
NCD Series 25	INE087P07311	750.00	March 20, 2023	June 29, 2026	9.65	Hypothecation of loan receivables	CARE A+
NCD Series 26	INE087P07337	5,000.00	May 30, 2023	May 29, 2026	9.52	Hypothecation of loan receivables	CARE AA-
NCD Series 27	INE087P07329	2,000.00	May 30, 2023	June 29, 2026	9.52	Hypothecation of loan receivables	CARE AA-
NCD Series 28	INE087P07345	550.00	July 21, 2023	July 8, 2026	9.40	Hypothecation of loan receivables	CARE AA-
NCD Series 31		1,000.00	August 7, 2023				
NCD Series 29	INE087P07352	250.00	July 28, 2023	July 28, 2028	9.40	Hypothecation of loan receivables	CARE AA-
NCD Series 32	INE087P07360	1,000.00	August 7, 2023	September 8, 2026	9.40	Hypothecation of loan receivables	CARE AA-
NCD Series 33	INE087P07378	750.00	August 29, 2023	November 28, 2025	9.35	Hypothecation of loan receivables	CARE AA-

* *As certified by V. C. Shah and Co., Chartered Accountants, pursuant to the certificate dated June 20, 2024.*

[1] *Yield on XIRR basis is linked to the performance of Underlying/ Reference Index i.e. a) If Final Fixing Level >=75% of the Initial Fixing level, Yield = 9.30%, b) If Final Fixing Level < 75% but >= 25% of the Initial Fixing level, Yield = 9.20% and c) If Final Fixing Level < 25% of the Initial Fixing level, Yield = 0%*

[2] *Yield on XIRR basis is linked to the performance of Underlying/ Reference Index i.e. a) If Final Fixing Level >=75% of the Initial Fixing level, Yield = 9.05%, b) If Final Fixing Level < 75% but >= 25% of the Initial Fixing level, Yield = 9.00% and c) If Final Fixing Level < 25% of the Initial Fixing level, Yield = 0%*

[3] *Yield on XIRR basis is linked to the performance of Underlying/ Reference Index i.e. a) If Final Fixing Level >=75% of the Initial Fixing level, Yield = 9.25%, b) If Final Fixing Level < 75% but >= 25% of the Initial Fixing level, Yield = 9.20% and c) If Final Fixing Level < 25% of the Initial Fixing level, Yield = 0%*

[4] *Yield on XIRR basis is linked to the performance of Underlying/ Reference Index i.e. a) If Final Fixing Level >=75% of the Initial Fixing level, Yield = 9.25%, b) If Final Fixing Level < 75% but >= 25% of the Initial Fixing level, Yield = 9.20% and c) If Final Fixing Level < 25% of the Initial Fixing level, Yield = 0%.*

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding (i) criminal proceedings; (ii) actions taken by statutory or regulatory authorities; (iii) claims related to direct and indirect taxes (in a consolidated manner); and (iv) other material civil proceedings in each case involving our Company, our Directors, our Promoter or our Subsidiary (collectively the "**Relevant Parties**"). Further, there are no disciplinary actions including penalty imposed by the SEBI or stock exchanges against our Promoter in the last five Financial Years. As on date of this Draft Red Herring Prospectus, our Company does not have any group company.*

*For the purpose of identification and disclosure of material litigation in relation to (iv) above, our Board in its meeting held on April 30, 2024 has considered and adopted a policy of materiality for identification of material civil litigation (the "**Materiality Policy**"). In terms of the Materiality Policy, the following shall be considered material litigation for the purposes of disclosure in this Draft Red Herring Prospectus: all outstanding civil legal proceedings, and arbitration matters, involving the Relevant Parties (i) where the claim/ dispute amount is equal to or above 1% of the profit after tax of our Company for the latest financial year (where such matters are quantifiable) based on the Restated Summary Statements being ₹34.24 million ("**Materiality Threshold**"); (ii) where monetary liability is not quantifiable or where the monetary liability does not meet the Materiality Threshold, such matters which may have a significant effect on the business, operations, performance or financial condition, prospectus, reputation, results of operations or cash flows of our Company; and (iii) litigation where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in an individual litigation may not exceed the Materiality Threshold.*

*Except as stated in this section, there are no outstanding material dues to creditors of our Company. For this purpose, our Board has considered and adopted a policy of materiality for identification of material outstanding dues to creditors ("**Creditors' Materiality Policy**"). In terms of the Creditors' Materiality Policy, outstanding dues to any creditor of our Company having monetary value exceeding ₹37.55 million, which 5% of the consolidated total trade payables of our Company as on March 31, 2024, based on the Restated Summary Statements included in this Draft Red Herring Prospectus, shall be considered as 'material'. Accordingly, as on March 31, 2024, any outstanding dues exceeding ₹37.55 million have been considered as material outstanding dues for the purpose of disclosure in this section. Further, for outstanding dues to any party which is a micro, small or medium enterprise ("**MSME**"), the disclosure is based on information available with our Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Act, 2006, as amended.*

For the purposes of the above, pre-litigation notices received by the Relevant Parties from third parties (excluding governmental / statutory / regulatory / judicial authorities or notices threatening criminal action) shall, in any event, not be considered as litigation until such time that the Relevant Parties are impleaded as defendants in proceedings initiated before any court, tribunal or governmental authority. Further, our Company also from time to time receives summons from various third parties in relation to production of documents in relation to ongoing litigations/investigations pertaining to our commercial and business connections. Moreover, there are multiple legal proceedings involving the same subject matter, initiated by our Company against the same set of borrowers or loans.

We have disclosed matters relating to direct and indirect taxes involving the Relevant Parties (as applicable) in a consolidated manner giving details of number of cases and total amount involved in such claims and details of such matters wherein the amount involved exceeds the materiality threshold specified above.

All terms defined in a particular litigation disclosure below correspond to that particular litigation only.

Litigation involving our Company

Litigation against our Company

Criminal proceedings

1. Surendra Singh Ahwan ("**Complainant**") has filed an application dated September 27, 2019 ("**Application**") for registering a case before the Court of Special CJM (Custom), Lucknow, against the erstwhile managing director of our Company under the provisions of the IPC. It is alleged in the Application that the nephew of the Complainant ("**Customer**") had agreed to avail a collateral free education loan of ₹4.00 million from our Company. However, a week prior to deposit of the fee, the Customer was allegedly informed that a collateral will be required. The Complainant allegedly provided the original title deeds of his property as collateral for the loan to one of the agents of our Company, although without registering the charge, the loan was disbursed. Further, it was alleged that the Complainant had requested our Company to release the original title deeds, which did not happen despite multiple attempts. The Complainant due to a delay in returning the title deeds by our Company filed the Application. Pursuant to the foreclosure of the loan on February 10, 2022, our Company released the charge and dispatched the original title deeds which has been accepted and acknowledged by the Complainant. The matter is currently pending.

2. State Government of Uttar Pradesh ("**Petitioner**") had filed a criminal case before Additional Chief Judicial Magistrate (Senior Division) – 3, Ghaziabad against our Company under Section 179(1) of the Motor Vehicles Act, 1988 for delay in paying of the challans issued under 183(1)(i) of the Motor Vehicles Act, 1988 for contravention of the speed limit allowed for a light motor vehicle registered in the name of our Company. Our Company has paid the challan on March

9, 2024. The matter is currently pending.

3. Yogesh Sharma ("**Petitioner**") has filed an application under Section 144(2) of the Criminal Procedure Code, 1973 ("**Application**") before the Court of Ld. Executive Magistrate at Bankshall, Kolkata, against our Company and Khatu Villa Private Limited ("**Respondents**"). It is alleged in the Application that subsequent to the handover of the premises by way of sale or otherwise by Khatu Villa Private Limited to our Company ("**Premises**"), the Respondents attempted to forcefully throw away, remove all stocks, business good and raw materials of the Petitioner from the Premises which were earlier lawfully rented by the Petitioner from Khatu Villa Private Limited. The Company here was exercising its rights pursuant to order for possession under Section 14 of the SARFAESI Act issued by the Hon'ble Chief Metropolitan Magistrate Calcutta for the Premises. Further, the Petitioner alleged that he was forcefully removed from the Premises. The Petitioner in the present Application has requested for proceedings to be initiated against the Respondents to avoid and prevent unnecessary breach of peace and unwarranted disturbance in the law and order situation. Further, during the enquiry of the matter by the officer-in-charge, Hare Street police station, it was revealed that the matter is civil in nature and the situation is peaceful. The matter is currently pending.

Actions taken by statutory or regulatory authorities

Nil

As on the date of this Draft Red Herring Prospectus, there are no findings/observations of any of the inspections by SEBI or any other regulator which are material and which needs to be disclosed or non-disclosure of which may have bearing on the investment decision.

Material civil litigation

1. An interlocutory application dated August 10, 2022, was filed by Piramal Capital and Housing Finance Limited (formerly known as Dewan Housing Finance Corporation Limited) ("**Corporate Debtor**") before the National Company Law Tribunal, Mumbai Bench ("**NCLT**"), against ICICI Bank Limited and our Company (collectively "**Respondents**") ("**Interlocutory Application**").

   On November 20, 2019, RBI superseded the board of directors of the Corporate Debtor owing to governance concerns and defaults. Further, an administrator was appointed for managing affairs of the Corporate Debtor ("**Administrator**") and for the purpose of corporate insolvency resolution process ("**CIRP**") of the Corporate Debtor which was also approved by the committee of creditors. Subsequently, on November 29, 2019, RBI filed a company petition ("**Company Petition**") before the NCLT for initiation of CIRP against Corporate Debtor and on December 3, 2019 the NCLT admitted the Company Petition and passed an order inter alia admitting the Corporate Debtor into CIRP. Thereafter on February 24, 2021 Administrator filed an interlocutory application before the NCLT with resolution plan seeking approval of the same and the prayer also included extinguishment of all bank guarantees provided by Corporate Debtor, which was approved.

   Further, prior to RBI superseding the board of directors of the Corporate Debtor a share purchase agreement dated March 16, 2019 was executed by and amongst our Company, Olive Investment Limited, Corporate Debtor and other persons. In view of the same, Wadhawan Global Capital Limited ("**WGC**") addressed letter agreement dated July 27, 2019 stating that WGC and/or its affiliates were required to put in place necessary arrangements to indemnify our Company towards certain identified loan assets. Accordingly, the Corporate Debtor procured bank guarantee from ICICI Bank Limited. Our Company via its letter dated July 11, 2022 to WGC granted opportunity to WGC to exercise its purported right to purchase Pool 1 overdue account statement or its part in cash consideration within five business days failing which our Company would invoke the bank guarantee. The Corporate Debtor replied to the letter stating that the bank guarantee was extinguished due to the approval of the resolution plan and our Company could not invoke the bank guarantee.

   In furtherance of the above, the present Interlocutory Application was filed seeking NCLT to declare that the bank guarantee amounting to ₹210.00 million issued on behalf of the Corporate Debtor as extinguished and that the Respondents should be restrained from taking any action in relation the bank guarantee pursuant to the corporate insolvency resolution plan approved by the NCLT and the Bank Guarantee be returned to the Corporate Debtor. The Respondents and Applicants have filed their respective responses vide affidavits and rejoinders with the NCLT. The matter is currently pending.

2. St. Peters Educational Social & Evangelical Trust and others ("**Complainant**") has filed a securitisation application before the Debt Recovery Tribunal, Chennai – III ("**DRT Chennai**") against our Company. The Complainant had availed a loan of ₹159.30 million and had subsequently defaulted in repayment of the loan, as a result of the same our Company issued a possession notice under the SARFAESI Act. The present application has been filed challenging the possession notice issued by our Company. The DRT Chennai has granted interim stay in the matter. The matter is currently pending.

3. St. Mary's Educational Trust and others ("**Applicants**") filed a securitisation application before the Debt Recovery Tribunal, Madurai under Section 17(1) of the SARFAESI Act against our Company. The Applicant had availed a loan of ₹50.00 million from the Respondent and later also availed the guarantee emergency credit line of ₹9 million during

the COVID-19 pandemic. Subsequently, the Applicants defaulted in timely repayment of the instalments of the loan. Accordingly, the Respondent declared the Applicants loan account as a non-performing asset and initiated recovery proceedings against the St. Mary's Educational Trust under SARFAESI Act and issued demand and possession notices. The present application has been filed challenging the possession notices issued by our Company and regularising the loan account of the Applicants. Further, the Respondents have filed a counter to the securitisation application seeking dismissal of the same claiming the same to be false and baseless. The matter is currently pending.

4. Sadguru Global Matriculation Higher Secondary School ("**Appellant**") filed an appeal under Section 17(4)(A) of the SARFAESI Act before the Debt Recovery Tribunal – III at Chennai against our Company and Mr. G Joshua Sam Daniel ("**Respondents**"). The Appellant holds leasehold right of a property belonging to Mr. G Joshua Sam Daniel by virtue of a lease deed dated April 30, 2012. Further, on December 19, 2017 Mr. G Joshua Sam Daniel mortgaged the property in favour of our Company by executing a memorandum of deposit of title deeds which was registered on the file of SRO, Thirukazhukundam. Subsequently, Mr. G Joshua Sam Daniel's account was declared as a non-performing asset and a possession notice under Section 13(4) of the SARFAESI Act was initiated in which the total outstanding due and payable to our Company was ₹130.65 million. Consequently, the Appellant has filed the current appeal seeking to set aside the possession notice and the symbolic possession of the property to be redelivered to the Appellant and for the grant of interim stay of all further proceedings. The matter is currently pending.

Litigation by our Company

Criminal proceedings

1. Our Company has, in the ordinary course of business, initiated 2,606 recovery proceedings against our borrowers, for the dishonour of cheques under Section 138 of the Negotiable Instruments Act, 1881 and for dishonour of electronic funds transfer under Section 25 of the Payment and Settlement Systems Act, 2007. These proceedings are pending at various stages of adjudication before various courts. The aggregate amount involved in these proceedings is ₹2,135.05 million, to the extent ascertainable. These criminal proceedings are currently pending at various stages of adjudication before various courts.

   Further with reference to seven of the above-mentioned cases filed by our Company against the defaulting customers ("**Respondents**"). The Respondents have filed transfer petitions before the Supreme Court of India for each of these seven cases requesting for transfer of the case to a court of competent jurisdiction. The matter is currently pending.

   Additionally, with respect to two of the above-mentioned cases, the respondents have filed quashing petition before the Calcutta High Court. The matter is currently pending.

2. Our Company has, in the ordinary course of its business, filed 317 complaints *inter alia* under Section 420, 422 and 120B of the IPC before various authorities alleging offences relating to cheating, criminal conspiracy and dishonest or fraudulent prevention of repayment of debt to Company, being committed by certain borrowers who had availed loans from our Company and have defaulted in repayment thereof. These criminal proceedings are currently pending at various stages of adjudication before various courts.

   Further with reference to two of the above-mentioned cases filed by our Company against the defaulting customers ("**Respondents**"). The Respondents have filed transfer petitions before the Supreme Court of India for each of these two cases requesting for transfer of the case to a court of competent jurisdiction. The matter is currently pending.

   Additionally, with respect to one of the above-mentioned cases, the respondent has filed a quashing petition before the Calcutta High Court. The matter is currently pending.

   Moreover, with reference to one of the above-mentioned cases filed by our Company against a defaulting customer ("**Customer**"). The Customer has also filed revision application under Section 397 of Code of Criminal Procedure, 1973 before the Court District and Sessions Judge, Jaipur Mahanagar- II ("**CDS Court**") against the order passed and challenging the cognizance taken by the CDS Court under Section 406 and 420 of the IPC claiming that the case pertains to financial transactions which are of civil nature. The matter is currently pending.

3. Our Company has, in the ordinary course of its business, filed 7 complaints under Section 156(3) of the Code of Criminal Procedure, 1973 before the various appropriate authorities alleging *inter alia* offences relating to cheating, criminal conspiracy, criminal breach of trust, dishonestly causing wrongful gain for themselves, forgery for the purpose of cheating, forgery for the purpose of harming reputation and fraudulently executing deed of transfer containing false statement of consideration. These criminal proceedings are currently pending at various stages of adjudication before the appropriate authorities. The aggregate amount involved in these proceedings is ₹51.89 million, to the extent ascertainable.

Material civil litigation

1. Our Company initiated an arbitration proceeding against Mukesh Creation Private Limited, Mukesh Kumar Agarwal, Sabitri Devi Agarwalla, Mohit Agarwal, RM Creation Private Limited (collectively, the "**Respondents**") before Mr. Subhash Mahadik, sole arbitrator seeking repayment of sum of ₹41.39 million from the Respondents, amongst other

reliefs, in relation to the loan facilities availed by the Respondents from our Company secured pursuant to loan agreements dated June 30, 2018. An award was passed on December 16, 2019, by Subhash Mahadik, sole arbitrator in favour of our Company for payment of sum of ₹41.39 million along with interest thereon aggregating to ₹77.41 million Further, the Respondents were restrained from disposing of or alienating or creating third party rights or encumbering the said immovable property. Thereafter, our Company filed an application for execution of decree under Order XXI, Rule 11 of the Code of Civil Procedure, 1908 against the Respondents before the High Court at Calcutta and further, filed an application under Order XXI, Rule 41(2) of the Code of Civil Procedure, 1908 for seeking injunction in respect of the mortgaged and other properties of the Respondents and appointment of receiver to take possession of mortgaged and other properties amongst other reliefs. The matter is currently pending.

Further, our Company had issued a notice under Section 13(2) of the SARFAESI Act on September 16, 2019, to Mukesh Creation Private Limited, Mukesh Kumar Agarwal, Sabitri Devi Agarwal, Mohit Agarwal, RM Creation Private Limited for an amount aggregating to ₹41.39 million along with interest and additional costs, as applicable. Pursuant to an order dated October 7, 2021, the Office of the District Magistrate and Collector, Hooghly, passed an order for taking possession of the assets. As of June 30, 2024, the aggregate amount involved in these proceedings is ₹62.83 million. The matter is currently pending.

2. Our Company had issued a notice under Sections 13(2) and 13(4) of the SARFAESI Act on July 21, 2020, to Jainam Clothing Private Limited, Abhay Kumar Jain, Priyanshu Kocher, Mahendra Kocher, Motilal Kocher, Dimple Jain ("**Co-borrowers**") for an amount aggregating to ₹40.54 million along with interest and additional costs, as applicable. Pursuant to an order dated March 13, 2023, the Office of the District Magistrate and Collector, Raipur, passed an order for taking possession of the assets. Further, upon failure to repay the aforementioned amount on August 23, 2023 our Company took physical possession of the property mortgaged by the Co-Borrowers to our Company. As of June 30, 2024, the aggregate amount involved in these proceedings is ₹ 53.30 million. The matter is currently pending.

3. Our Company had issued notices under Sections 13(2) of the SARFAESI Act on November 20, 2019, to Puranmurti Educational Society, Vijay Pal Nain, Sunita Kumari, Usha Rani, Bhopal Singh and Gautam Nain ("**Respondent**") for an amount aggregating to ₹201.97 million along with interest and additional costs, as applicable. Pursuant to an order dated April 20, 2020, the Office of the District Magistrate, Sonipat, passed an order for taking possession of the assets. Our Company and the Respondents have entered into a settlement agreement for repayment of the loan dated March 27, 2024. As of June 30, 2024, the aggregate amount involved in these proceedings is ₹ 288.15 million. The matters are currently pending.

Our Company had also initiated two arbitration proceedings under Section 9 of the Arbitration Act against the Respondents before the High Court of Judicature at Bombay seeking interim measures for protection including, *inter alia*, (a) appointment of the Court Receiver; (b) order of injunction restraining the Respondents from selling, transferring, disposing off, etc of their properties; and (c) deposit all amount received by Respondents with our Company. The court via its orders granted an interim relief and with respect to (a) and (b) and requested Respondents to file a reply by January 31, 2020. The matter is currently pending.

4. Our Company had issued a notice under Section 13(2) of the SARFAESI Act on October 16, 2023, to St. Peter's Educational Social and Evangelical Trust, Jackson Bezalial J, Joshua Sam Danie G, Oliver Livingston, Gnana Deepam Grace, Bethsheba P for an amount aggregating to ₹130.65 million along with interest and additional costs, as applicable. Subsequently, our Company filed a petition under Sections 14(1) and 14(2) of the SARFAESI Act before the Chief Judicial Magistrate, Chengalpat. The Chief Judicial Magistrate, Chengalpat passed an order dated March 7, 2024 for taking possession of the asset. As of June 30, 2024, the aggregate amount involved in these proceedings is ₹101.78 million. The matter is currently pending

5. Our Company initiated an arbitration proceeding against St Mary's Educational Trust, Anitha and A. Robert Jeyakumar (collectively, "**Respondents**") before Dr. V. R. Patil, arbitrator seeking repayment of sum of ₹52.91 million from the Respondents, amongst other reliefs, in relation to the loan facilities availed by the Respondents from our Company secured pursuant to loan agreements dated April 30, 2018. An award was passed on April 17, 2023 in favour of our Company for freezing the bank accounts of the Respondents equivalent to the claim amount of ₹52.91 million till further order. Further a receiver has been appointed to take possession of the movable properties of the Respondents, among other reliefs. The Respondents filed a statement of defence dated March 16, 2023, before the arbitrator, challenging the appointment of the arbitrator. Accordingly, an order dated June 7, 2023, was passed by the arbitrator to recuse himself from the arbitration proceedings. Thereafter, our Company filed an application dated November 9, 2023, under Section 11 of the Arbitration and Conciliation Act, 1996 before the Hon'ble Bombay High Court for appointment of an arbitrator. The matter is currently pending.

Our Company had issued a notice under Section 13(2) of the SARFAESI Act on October 31, 2023, to St Mary's Educational Trust, Anitha and A. Robert Jeyakumar for an amount aggregating to ₹63.90 million along with interest and additional costs, as applicable. Further, our Company has filed application under Section 14 of the SARFAESI Act before the Chief Judicial Magistrate Court at Thoothukudi for possession of assets. As of June 30, 2024, the aggregate amount involved in these proceedings is ₹65.31 million. The matter is currently pending

6. Our Company initiated an arbitration proceeding against Harkaur Arya Educational Society, Dayanand Shiksha Samiti,

Kulbir Singh, Subh Lata, Jitender Chahal and Ram Mehar Singh, (collectively, "**Respondents**") before Dr. V.R. Patil, arbitrator, seeking repayment of a sum of ₹49.14 million from the Respondents, among other reliefs, in relation to the loan facilities availed by the Respondents from our Company secured pursuant to the loan agreements dated May 30, 2018, August 12, 2020 and November 30, 2020. An award was passed on March 29, 2023 in favour of our Company for ₹49.14 million, among other reliefs. The matter is currently pending.

Our Company had also issued a notice under Sections 13(2) of the SARFAESI Act on February 27, 2023, to Harkaur Arya Educational Society, Dayanand Shiksha Samiti, Kulbir Singh, Subh Lata, Jitender Chahal and Ram Mehar Singh for an amount aggregating to ₹49.14 million along with interest and additional costs, as applicable. Pursuant to an order dated March 19, 2024, the Court of the District Magistrate, Jind, passed an order for taking possession of the assets. As of June 30, 2024, the aggregate amount involved in these proceedings is ₹42.70 million. The matter is currently pending.

7. Our Company had issued a notice under Sections 13(2) of the SARFAESI Act on February 8, 2022, to M/s Jumbo Finvest (India) Limited, Ajay Kumar Singh, Siddharth Ajay Singh and Rekha Ajay Kumar Singh for an amount aggregating to ₹107.75 million along with interest and additional costs, as applicable. As of June 30, 2024, the aggregate amount involved in these proceedings is ₹87.37 million. The matter is currently pending

Further, Jumbo Finvest India Limited and others ("**Petitioners**") filed a commercial arbitration petition before the High Court of Judicature at Bombay against our Company under Section 37 of the Arbitration and Conciliation Act, 1996 ("**Arbitration Act**"). The Petitioners had availed two loans of ₹100.00 million each for purpose of onward lending from the Respondents and entered into two loan agreements ("**Loan Agreements**"). Pursuant to a dispute between the parties, our Company invoked the arbitration proceedings unilaterally and appointed Mr. Rashid Khan, as the sole arbitrator ("**Sole Arbitrator**") to adjudicate the dispute between the parties as per the Loan Agreements. Subsequently, Petitioners objected to unilateral appointment of the Sole Arbitrator and also filed applications under Section 12 and Section 13 of the Arbitration Act which was dismissed. Further, the Respondents filed an application under Section 17 seeking interim relief which was granted. The current petition has been filed to quash and set aside the interim relief granted to our Company under Section 17 of the Arbitration Act. The matter is currently pending.

8. Our Company initiated an arbitration proceeding against Kalaimahal Educational Trust, K. Neduchezhian, G. Jayaprakasam, N. Senthamil Selvi, K. Umarani and N. Kudiyarasu (collectively, "**Respondents**") before Rashid A. Khan, arbitrator, seeking repayment of a sum of ₹43.23 million from the Respondents, among other reliefs, in relation to the loan facilities availed by the Respondents from our Company secured pursuant to the term loan facility dated April 30, 2018 and other transaction documents. An award was passed on April 6, 2023, in favour of our Company for ₹43.23 million along with interest due aggregating to 54.99 million as of June 30, 2024, among other reliefs. The matter is currently pending.

Our Company had also issued a notice under Section 13(2) of the SARFAESI Act on January 25, 2023, to Kalaimahal Educational Trust, K. Neduchezhian, G. Jayaprakasam, N. Senthamil Selvi, K. Umarani, N. Kudiyarasu for an amount aggregating to ₹57.42 million along with interest and additional costs, as applicable. Further, our company has filed an application under section 14 of the SARFAESI Act before the Chief Judicial Magistrate Court, Mayiladuthurai for possession of assets. As of June 30, 2024, the aggregate amount involved in these proceedings is ₹49.54 million. The matter is currently pending.

9. Our Company initiated an arbitration proceeding against Creative Educational Society, Girish Reddy Peddigari, Rama Subba Reddy Srinadham, Rama Bhupal Reddy Yeddula, S Narayana Reddy and S Ramesh Reddy (collectively, "**Respondents**") before N.F. Kumana, arbitrator, seeking repayment of a sum of ₹114.97 million from the Respondents, among other reliefs, in relation to the loan facilities availed by the Respondents from our Company secured pursuant to the term loan facility dated June 30, 2018 and other transaction documents. An award was passed on October 18, 2021, in favour of our Company for ₹114.97 million along with interest due aggregating to ₹142.93 million as of June 30, 2024, among other reliefs. Our Company filed an interim application dated December 16, 2023, in the High Court of Bombay for disclosure of all unencumbered properties of the Respondents and for appointment of court receiver. Our Company has filed an application dated December 16, 2023, for execution of the arbitral award. The matter is currently pending.

Our Company had issued a notice under Section 13(2) of the SARFAESI Act on June 24, 2021, to Creative Educational Society, Girish Reddy Peddigari, Rama Subba Reddy Srinadham, Rama Bhupal Reddy Yeddula, S Narayana Reddy and S Ramesh Reddy for an amount aggregating to ₹128.68 million along with interest and additional costs, as applicable. As of June 30, 2024, the aggregate amount involved in these proceedings is ₹212.47 million. The matter is currently pending.

10. Our Company has initiated an arbitration proceeding against Hazi Mofijuddin Kabiraj Memorial Foundation and others (collectively "**Respondents**") before Dr. V.R. Patil, arbitrator seeking repayment of ₹39.99 million from the Respondents, among other reliefs, in relation to loan facilities availed by the Respondents from our Company pursuant to the term loan facility dated June 1, 2022 and other transaction documents. An interim order under Section 17 of the Arbitration and Conciliation Act, 1996 has been passed on April 15, 2024 in favour of our Company, freezing the bank accounts of the Respondents equivalent to the claim amount of ₹39.99 million till further order. Further a receiver has

been appointed to take possession of the movable properties of the Respondents. As of June 30, 2024, the aggregate amount involved in these proceedings is ₹36.85 million. The matter is currently pending.

11. Our Company had issued a notice under Sections 13(2) and 13(4) of the SARFAESI Act on May 6, 2022 and December 20, 2023 respectively, to Sri Vishali Educational Society, Sarvagna Educational Society, Tumma Madhu, Teegala Bharath Kumar, Morri Kumaraswamy, Kokkarakonda Ravi and others for an amount aggregating to ₹37.82 million along with interest and additional costs, as applicable. As of June 30, 2024, the aggregate amount involved in these proceedings is ₹35.80 million. The matter is currently pending.

Litigation involving our Promoter

Litigation against our Promoter

Criminal proceedings

Nil

Actions taken by regulatory and statutory authorities

Nil

Material civil litigation

Nil

Disciplinary actions including penalties imposed by SEBI or the Stock Exchanges in the last five Financial Years preceding the date of this Draft Red Herring Prospectus

Nil

Litigation by our Promoter

Criminal proceedings

Nil

Material civil litigation

Nil

Litigation involving our Subsidiary

Litigation against our Subsidiary

Criminal proceedings

Nil

Material civil litigation

Nil

Actions taken by regulatory and statutory authorities

Nil

Litigation by our Subsidiary

Criminal proceedings

Nil

Material civil litigation

Nil

Litigation involving our Directors

Litigation against our Directors

Criminal proceedings

Vijayalakshmi R. Iyer

One private complaint under Section 200 of the Criminal Procedure Code, 1973 was filed by D. Uday Kumar (partner of Sri Sai Foods / borrower) ("**Complainant**") against Adithya Sirigeri (partner of Sri Sai Foods / co-borrower), Sirigeri Laxmi Ghemanthi, Rajashekar, Sri Suresh, M/s. Magma Fincorp Limited (since amalgamated with Poonawalla Fincorp Limited) ("**Lender**"), Narayan K, Mayank Poddar, Sanjay Chamria, Satya Brata Ganguly, V.K. Viswanathan, and Vijayalakshmi R. Iyer before Chief Metropolitan Magistrate, Bengaluru under Sections 463, 464, 465, 467, 471, 474 and 34 of the IPC in relation to the borrower of the Lender of which Vijayalakshmi R. Iyer was an independent director. Meanwhile, the said loan account was closed by the Adithya Sirigeri, on October 26, 2022. Since, the concerned court has not served any notice upon the Lender and / or Vijayalakshmi R. Iyer in the aforesaid matter and hence no steps have been initiated by the Lender or Vijayalakshmi R. Iyer. The Complainant also has not appeared in the proceeding before the concerned court as per e-court status. The matter is currently pending.

Sunish Sharma

Pursuant to an inspection carried out at one of the stores of Vedant Fashions Limited, by the inspector of the Legal Metrology Department, Government of Maharashtra ("**Authority**"), panchnama dated April 2, 2019 and a show cause notice dated June 7, 2019 ("**SCN** ") were issued to Vedant Fashions Limited, for the seizure of certain alleged pre-packed packages of its products including shoes, for allegedly contravening Section 18(1) of the Legal Metrology Act, 2009 read with Rules 6(1)d and 10 of The Legal Metrology (Packaged Commodities) Rules, 2011, relating to marking the month and year of manufacturing, packing, importing and the place of manufacture on the products. Vedant Fashions Limited made a written representation responding to the SCN before the Controller of Legal Metrology on June 15, 2019 and before the Inspector of Legal Metrology on July 22, 2019, denying all allegations and requesting the Authority to withdraw the panchnama dated April 2, 2019 and the SCN. On July 22, 2019, the Authority issued an intimation letter to Vedant Fashions Limited, for appearance before the Chief Additional Metropolitan Magistrate, Dadar ("**Magistrate**") on August 21, 2019. Vedant Fashions Limited responded to the intimation letter of the Authority on August 2, 2019, requesting it to respond to the written representation made by Vedant Fashions Limited and to refrain from proceeding against Vedant Fashions Limited without providing the opportunity of being heard. Subsequently, on August 21, 2019, a criminal case was instituted against Vedant Fashions Limited and directors before the Magistrate under certain provisions of the Legal Metrology Act. Vedant Fashions Limited filed a writ petition on August 14, 2019, before the High Court of Judicature at Bombay ("**Bombay High Court**") challenging the seizure of the products and the intimation letter issued on July 22, 2019. Subsequently, Bombay High Court has passed an interim order on November 18, 2019 ordering no coercive action be taken by the Authority pursuant to the impugned SCN. The matter is currently pending before the Bombay High Court.

Material civil litigation

Nil

Actions taken by regulatory and statutory authorities

Nil

Litigation by our Directors

Criminal proceedings

Nil

Material civil litigation

Nil

Litigation involving our Group Companies

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

Tax Litigation

Except as disclosed below, there are no proceedings related to direct and/ or indirect taxes pending against our Company, Subsidiary, Promoter and Directors:

Nature of case	Number of cases	Amount involved (in ₹million)*
Our Company		

Nature of case	Number of cases	Amount involved (in ₹million)*
Direct tax	4	86.96
Indirect tax	5	9.30
Our Subsidiary		
Direct tax	Nil	Nil
Indirect tax	Nil	Nil
Our Promoter		
Direct tax	Nil	Nil
Indirect tax	Nil	Nil
Our Directors		
Direct tax	2	18.59
Indirect tax	Nil	Nil

** To the extent quantifiable*

Description of certain tax matters exceeding the Materiality Threshold

Our Company received an assessment order under section 143(3) of the Income-tax Act, 1961 (the "**IT Act**") on December 20, 2022 from the Office of the Assistant Commissioner of Income Tax, Central Circle 2(4), Mumbai for the assessment year 2020-21, disallowing the deductions of ₹298.16 million and notice of demand was issued under Section 156 of the IT Act for the sum of ₹73.37 million to be paid by our Company. Our Company has filed a written submission against the same on February 21, 2022. Further an appeal against the order has been initiated before the Commissioner of Income-tax (Appeals) – 48, Mumbai on January 19, 2023. The matter is currently pending.

Outstanding dues to creditors

In terms of the Creditors' Materiality Policy adopted by our Board in its meeting held on April 30, 2024, creditors of our Company to whom an amount exceeding 5% of our total consolidated trade payables as on March 31, 2024, was outstanding, were considered 'material' creditors. As per the Restated Summary Statements, our total consolidated trade payables as on March 31, 2024, were ₹751.07 million and accordingly, creditors to whom outstanding dues exceed ₹37.55 million have been considered as material creditors for the purposes of disclosure in this Draft Red Herring Prospectus.

Based on this criteria, details of outstanding dues owed to creditors as of March 31, 2024 by our Company are set out below:

Type of creditors	Number of creditors	Amount due (in ₹million)
Micro, Small and Medium Enterprises	8	0.85
Material creditors	2	101.84
Other creditors	54	648.38*
Total	**64**	**751.07**

**Including provision for expenses for other creditors amounting to ₹623.10 million*

The details pertaining to outstanding dues towards our material creditors along with names and amounts involved for each such material creditor are available on the website of our Company at https://www.avanse.com/materialcreditors.

Material Developments

Except as disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page 348 and in this Draft Red Herring Prospectus, there have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months from the date of this Draft Red Herring Prospectus.

GOVERNMENT AND OTHER APPROVALS

Our business requires various approvals, licenses, registrations, and permits issued by relevant 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, and except as mentioned below, no further material approvals are required to carry on our present business activities.

In view of such approvals, our Company can undertake the Offer and its current business activities. Additionally, unless otherwise stated, these approvals, licenses, registrations, and permits are valid as on the date of this Draft Red Herring Prospectus. Certain 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.

Set forth below are the material approvals or renewals applied for but not received or material approvals or renewals for which applications are yet to be made. For further details in connection with the applicable regulatory and legal framework, see "Key Regulations and Policies in India" beginning on page 192.

I. Material approvals in relation to the Offer

For the approvals and authorisations obtained by our Company in relation to the Offer, see "*Other Regulatory and Statutory Disclosures – Authority for the Offer*" on page 386.

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 major Government and other approvals pertaining to our business:

A. Material approvals in relation to our incorporation

1. Certificate of incorporation dated February 4, 2014, issued by RoC consequent upon the change of our Company's name from 'Avanse Financial Services Private Limited' to 'Avanse Financial Services Limited', pursuant to conversion of our Company from a private limited company to a public limited company.

For further details in relation to incorporation of our Company, see "*History and Certain Corporate Matters*" on page 206.

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 February 5, 2004, granted by RBI bearing registration number B-13.01701 to commence/carry on the business of NBFC without accepting public deposits pursuant to powers conferred on RBI under Section 45IA of the RBI Act.
2. Renewed certificate of registration, as a corporate agent (composite) issued by the Insurance Regulatory and Development Authority of India bearing registration number CA0445 issued on January 6, 2023, effective from January 3, 2023 till January 2, 2026.
3. Recognition as a 'financial institution' by the Ministry of Finance, by notification dated February 24, 2020 for the purpose of sub-clause (iv) of clause (m) of sub-section (1) of Section 2 of the SARFAESI Act.
4. Legal entity identifier code – 3358007VK1Y5LHFE2E27 issued by Legal Entity Identifier India Limited.
5. Registration with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), for uploading of mortgages/charge creation with details of mortgage loans of all customers of our Company on timely basis.
6. Registration for information utility services for financial creditor, through agreement dated March 9, 2018 entered into with National e-Governance Services Limited.
7. Registration with the Central Know Your Customer Registry under Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), bearing registration code IN2789.

C. *Tax related approvals of our Company*

1. Our permanent account number is AAACA4267A.

2. Our tax deduction account number is MUMA42706G.

3. Goods and services tax registration numbers of our Company under various central and state goods and services tax legislations.

4. Our Company has several branches in various states falling under the respective professional tax legislations. Accordingly, our Company has obtained the necessary licenses and approvals from the appropriate regulatory and governing authorities in relation to such tax laws.

D. *Labour and commercial approvals*

1. Our Company has obtained registrations under various employee and labour-related laws including the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, Contract Labour (Regulation and Abolition Act), 1970, Maharashtra Labour Welfare Fund Act, 1953 and the Employees' State Insurance Act, 1948.

2. Our Company has obtained license under Maharashtra Shops and Establishment (Regulation of Employment and Conditions of Service) Act, 1954 for registration of our Registered and Corporate Office as a commercial establishment.

(b). ***Material approvals for our branches***

Our Company has obtained registrations in the ordinary course of business for our branches across various states in India including trade licenses and licenses for location of business issued by relevant municipal authorities under applicable laws, registrations under the Employees' State Insurance Act, 1948, Contract Labour (Regulation and Abolition Act), 1970 and shops and establishment registrations issued under the relevant state legislations, as well as registrations from the state labour welfare boards. Certain licences may have lapsed in their normal course and our Company has either made an application to the appropriate authorities for fresh registrations or for renewal of existing registrations or is in the process of making such applications. For further details, please see "*Risk Factors – We require certain statutory and regulatory approvals for conducting our business and our inability to obtain, retain or renew them in a timely manner, or at all, may adversely affect our business and results of operations.*" on page 43.

(c). ***Material approvals to be obtained by our Company***

A. *Material approvals applied for but not received*

As on the date of this Draft Red Herring Prospectus, there are no material approvals which our Company has applied for, but which have not been received.

B. *Material approvals expired and renewal yet to be applied for*

As on the date of this Draft Red Herring Prospectus, there are no material approvals of our Company that have expired, and for which renewal is yet to be applied.

C. *Material approvals required but not obtained or applied for*

As on the date of this Draft Red Herring Prospectus, there are no material approvals which our Company is required to obtain but which have not been obtained or been applied for.

II. Intellectual Property Registrations

For details in relation to our intellectual property registrations, see "*Our Business – Intellectual Property*" on page 190.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The Offer, including the Fresh Issue, has been authorised by our Board pursuant to a resolution passed at its meeting held on April 30, 2024 and June 19, 2024, and our Shareholders have authorized the Fresh Issue pursuant to a special resolution passed at their meeting held on June 20, 2024.

Further, our Board has taken on record the approval of the Offer for Sale by the Selling Shareholders pursuant to its resolution dated June 19, 2024. Additionally, our Board and IPO committee have approved this Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges pursuant to its resolution dated July 30, 2024 and July 31, 2024, respectively.

The Offer for Sale has been authorised by each of the Selling Shareholders, severally and not jointly, and its respective participation in the Offer for Sale in relation to its respective portion of the Offered Shares has been confirmed as set out below:

Sr. No	Name of the Selling Shareholder	Aggregate proceeds from the Offered Shares	Number of Offered Shares	Date of board resolution/ authorization	Date of consent letter
1.	Olive Vine	Up to ₹17,580.00 million	Up to [●] Equity Shares	June 3, 2024	June 12, 2024
2.	IFC	Up to ₹3,420.00 million	Up to [●] Equity Shares	N.A.	June 19, 2024
3.	Kedaara Capital	Up to ₹4,000.00 million	Up to [●] Equity Shares	May 22, 2024	June 13, 2024

In terms of RBI Master Direction, prior written permission of the RBI is required for any change in the shareholding of a NBFC, including progressive increases over time, which would result in the acquisition/ transfer of shareholding of 26% or more of the paid up equity capital of the NBFC. Accordingly, our Company has filed an application dated May 13, 2024 with the RBI seeking a prior approval in relation to the Offer, the filing of the Offer Documents, and Offer related advertisements.

In-principle Listing Approvals

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares of face value of ₹5 each pursuant to their letters dated [●] and [●], respectively.

Prohibition by SEBI, the RBI or other Governmental Authorities

Our Company, Promoter (also the Promoter Selling Shareholder), each of the Investor Selling Shareholders, Directors, persons in control of the Promoter or Company are not debarred from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Our Company, Promoter or Directors have not been declared as Wilful Defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Directors have not been declared as Fugitive Economic Offenders.

None of our Company, our Promoter or our Directors have been declared as Fraudulent Borrowers.

As on date of this Draft Red Herring Prospectus, our Promoter does not have any natural persons or body corporates who are part of our Promoter Group.

Directors associated with the securities market

Except for Neeraj Swaroop, our Chairman and Independent Director, who is on the board of HDFC Securities Limited, Vijayalakshmi R. Iyer, our Independent Director, who is on the Board of ICICI Securities Limited and Computer Age Management Services Limited, our Directors are not associated with the securities market in any manner.

Further, there have been no outstanding actions initiated by SEBI against our Directors in the five years preceding the date of this Draft Red Herring Prospectus. However, routine communications in the nature of administrative warning/advice have been issued to Computer Age Management Services Limited in which our Director, Narendra Ostawal was a director.

Confirmation under Companies (Significant Beneficial Owners) Rules, 2018

Our Company, Promoter (also the Promoter Selling Shareholder), and each of the Investor Selling Shareholders, severally and not jointly, confirms that it is in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent applicable to it, in respect of its respective holding in our Company, as on the date of this Draft Red Herring Prospectus.

As on date of this Draft Red Herring Prospectus, our Promoter does not have any natural persons or body corporates who are part of our Promoter Group.

Eligibility for the Offer

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 Regulations 5 and 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.

The status of compliance of our Company with the conditions as specified under Regulations 5 and 7(1) of the SEBI ICDR Regulations is as follows:

(i) Our Company, our Promoter, our Directors are not debarred from accessing the capital markets by SEBI;

(ii) The companies with which our Promoter or our Directors are associated as a promoter or director are not debarred from accessing the capital markets by SEBI;

(iii) Neither our Company, nor our Promoter, or Directors, is a Wilful Defaulter or Fraudulent Borrower;

(iv) None of our Promoter or Directors has been declared as a Fugitive Economic Offender;

(v) Except for Equity Shares of face value of ₹5 each that may be allotted pursuant to the conversion of vested employee stock options, if any, 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 of face value of ₹5 each, as on the date of this Draft Red Herring Prospectus;

(vi) Our Company along with Registrar to our Company has entered into tripartite agreements dated December 6, 2016 and March 26, 2019 with CDSL and NSDL, respectively, for dematerialisation of the Equity Shares;

(vii) The Equity Shares of face value of ₹5 each held by our Promoter are in dematerialised form;

(viii) All the Equity Shares of face value of ₹5 each are fully paid-up and there are no partly paid-up Equity Shares of face value of ₹5 each as on the date of filing of this Draft Red Herring Prospectus; and

(ix) There is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and existing identifiable accruals.

Each of the Selling Shareholders, severally and not jointly, confirms that it has held its respective portion of the Offered Shares, for a period of at least one year prior to the date of this Draft Red Herring Prospectus and accordingly the Equity Shares of face value of ₹5 each that will be offered by it in the Offer for Sale are eligible to be offered for sale in the Offer in terms of Regulation 8 of the SEBI ICDR Regulations.

Our Company is eligible for the Offer in accordance with Regulation 6(1) of the SEBI ICDR Regulations as set out under the eligibility criteria calculated based on the Restated Summary Statements:

(a) Our Company has had net tangible assets of at least ₹30 million, calculated on a restated basis, in each of the preceding three full years. Since more than fifty per cent of the net tangible assets are held in monetary assets, our Company has made firm commitments to utilise such excess monetary assets in our business;

(b) Our Company has an average operating profit of at least ₹150 million, calculated on a restated basis, during the preceding three years, with operating profit in each of these preceding three years;

(c) Our Company has a net worth of at least ₹10 million in each of the preceding three full years, calculated on a restated basis; and

(d) Our Company has not changed its name in the last one year.

Our Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profits and net worth, derived from the Restated Summary Statements included in this Draft Red Herring Prospectus as at, and for the last three Fiscal Years, are set forth below:

(*₹ in million, unless otherwise stated*)

	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Net Tangible Assets (1), as restated (A)	36,078.94	21,352.50	9,959.49
Operating Profit (2), as restated (B)	4,574.46	2,106.83	852.03
Net Worth (3), as restated (C)	36,767.17	21,497.22	10,096.64
Monetary Assets (4), as restated (D)	15,040.59	10,971.08	6,304.86
Monetary Assets, as restated as a % of Net Tangible Assets (5), as restated (E)=(D)/(A) (in %)	41.69	51.38*	63.31*

Company had utilized such excess monetary assets towards the business operations in subsequent years.

Notes:

(1) Net tangible assets as restated, means the sum of all net assets of our Company, excluding intangible assets, and right to use assets as defined in Indian Accounting Standard 38.

Calculation of restated Net Tangible Assets:

(*₹ in million*)

Particulars	Financial Year 2024	Financial Year 2023	Financial Year 2022
Total assets (A)	143,438.35	97,299.51	54,530.15
Other intangible assets (B)	135.18	63.45	77.57
Unamortized share issue expenses (C)	-	-	-
Right to use assets (D)	440.16	34.86	48.78
Intangible assets under development (E)	112.89	46.41	10.80
Total Financial liabilities (F)	106,470.08	75,702.45	44,350.78
Total Non-financial liabilities (G)	201.10	99.84	82.73
Net tangible assets (J) (A-B-C-D-E-F-G)	**36,078.94**	**21,352.50**	**9,959.49**

(2) Operating profit has been calculated as profit before tax excluding other income and exceptional items each on a restated basis.

Calculation of Operating Profit and average Operating Profit:

(*₹ in million, unless otherwise stated*)

Particulars	Financial Year 2024	Financial Year 2023	Financial Year 2022
Profit before tax (A)	4,592.92	2,113.15	854.60
Other income (B)	18.46	6.32	2.57
Pre-tax operating profit (A-B)	**4,574.46**	**2,106.83**	**852.03**

(3) Net Worth, as restated, means the aggregate value of 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, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

(4) Monetary assets, as restated, means cash in hand, balance with bank in current and deposit account (net of bank deposits not considered as cash and cash equivalent).

Calculation of Monetary Assets:

(*₹ in million*)

Particulars	Financial Year 2024	Financial Year 2023	Financial Year 2022
Cash and cash equivalents (A)	13,007.60	7,870.77	3,252.67
Other bank balances (B)	2,032.99	3,100.31	3,052.19
Monetary assets (A+B)	15,040.59	10,971.08	6,304.86

(5) Monetary Assets, as restated, as a percentage of the Net Tangible Assets' means Monetary Assets as restated divided by Net Tangible Assets, as restated, expressed as a percentage.

We are eligible to undertake the Offer as per Rule 19(2)(b) of the SCRR read with Regulations 6(1) of the SEBI ICDR Regulations. Accordingly, in accordance with Regulation 32(1) of the SEBI ICDR Regulations, we are required to allot not more than 50% of the Offer to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. In the event we fail to do so, the full application money shall be refunded to the Bidders.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Offer to whom the Equity Shares of face value of ₹5 each will be Allotted will be not less than 1,000 and should our Company fail to do so, the Bid Amounts received by our Company shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations and applicable law.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING KOTAK MAHINDRA CAPITAL COMPANY LIMITED, AVENDUS CAPITAL PRIVATE LIMITED, J.P. MORGAN INDIA PRIVATE LIMITED, NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED, NUVAMA WEALTH MANAGEMENT LIMITED (FORMERLY KNOWN AS EDELWEISS SECURITIES LIMITED) AND SBI CAPITAL MARKETS LIMITED ("BRLMS"), HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS AND EACH OF THE SELLING SHAREHOLDERS, SEVERALLY AND NOT JOINTLY, WILL BE RESPONSIBLE ONLY FOR THE

STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THIS DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF AND ITS RESPECTIVE PORTION OF THE OFFERED SHARES, THE BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JULY 31, 2024 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies in terms of Section 32 of the Companies Act. All legal requirements pertaining to the Offer will be complied with at the time of filing of the Prospectus with the Registrar of Companies in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act.

Disclaimer from our Company, our Directors and Book Running Lead Managers

Our Company, the Directors and the BRLMs accept no responsibility for statements made in relation to our Company or the Offer other than those confirmed by them in relation to themselves in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website, www.avanse.com, or the respective websites of our Promoter or Book Running Lead Managers, as applicable, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement, and as will be provided for in the Underwriting Agreement.

All information to the extent required in relation to the Offer, shall be made available by our Company, and the BRLMs Managers to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

Bidders will be required to confirm and will be deemed to have represented to our Company, Underwriters and their respective directors, partners, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares of face value of ₹5 each and will not issue, allot, sell, pledge, or transfer the Equity Shares of face value of ₹5 each to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, Underwriters and their respective directors, partners, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The Book Running Lead Managers and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company and each of the Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with or become customers to our Company, each of the Selling Shareholders and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer from the Selling Shareholders

The Selling Shareholders accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.avanse.com, or the respective websites of any affiliate of our Company or the respective websites of the Book Running Lead Managers or any of the Selling Shareholders would be doing so at his or her own risk. Each of the Selling Shareholders, its respective directors, affiliates, associates, partners, designated partners, trustees, associates and officers, as applicable, accept no responsibility for any statements made or undertakings provided in this Draft Red Herring Prospectus other than those specifically made or confirmed by such Selling Shareholder in relation to itself as a Selling Shareholder and/or with respect to its respective portion of the Offered Shares.

Bidders will be required to confirm and will be deemed to have represented to each of the Selling Shareholder and/or its respective directors, partners, designated partners, trustees, associates, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares of face value of ₹5 each and will not sell, pledge, or transfer the Equity Shares of face value of ₹5 each to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Each of the Selling Shareholders and/or its respective directors, partners, designated partners, trustees, associates, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

Disclaimer in respect of Jurisdiction

The Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, as amended), including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, domestic Mutual Funds registered with SEBI, 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 respective constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, public financial institutions as specified in Section 2(72) of the Companies Act, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs (registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs and AIFs (under Schedule I of the FEMA Rules) and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares of face value of ₹5 each offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Invitations to subscribe to or purchase the Equity Shares of face value of ₹5 each in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus will be filed with SEBI for its observations. Accordingly, the Equity Shares of face value of ₹5 each represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any offer or sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or any of the Selling Shareholders since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

No person outside India is eligible to Bid for Equity Shares of face value of ₹5 each in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.

Eligibility and Transfer Restrictions

The Equity Shares of face value of ₹5 each have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Equity Shares of face value of ₹5 each are being offered and sold (i) within the United States solely to persons who are reasonably believed to be U.S. QIBs pursuant to Section 4(a) of the U.S. Securities Act, and (ii) outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares of face value of ₹5 each 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 of face value of ₹5 each or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares of face value of ₹5 each or any similar security, other than in accordance with applicable laws.

Eligible Investors

The Equity Shares of face value of ₹5 each are being offered and sold:

(i) in the United States or to, or for the account or benefit of, persons reasonably believed to be U.S. QIBs in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act; and

(ii) outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur;

and in each case who are deemed to have made the representations set forth immediately below.

Equity Shares Offered and Sold within the United States

Each purchaser that is acquiring the Equity Shares of face value of ₹5 each offered pursuant to this Offer within the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares of face value of ₹5 each, will be deemed to have acknowledged, represented to and agreed with our Company, the Selling Shareholders and the members of the Syndicate that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares of face value of ₹5 each offered pursuant to this Offer in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares of face value of ₹5 each 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 are subject to restrictions on transfer and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

3. the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it was 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 of face value of ₹5 each for its own account or for the account of a U.S. QIB with respect to which it exercises sole investment discretion;

4. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

5. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares of face value of ₹5 each, or any economic interest therein, such Equity Shares of face value of ₹5 each or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A)(i) to a person whom the beneficial owner and / or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act; or (ii) in an "offshore transaction" complying with Regulation S under 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;

6. the Equity Shares of face value of ₹5 each 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 for resales of any such Equity Shares;

7. the purchaser will not deposit or cause to be deposited such Equity Shares of face value of ₹5 each 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 of face value of ₹5 each are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

8. 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), has purchased or will purchase any Equity Shares of face value of ₹5 each as a result of 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 of face value of ₹5 each or "general solicitation" or "general advertising" (within the meaning of Rule 502(c) of Regulation D under the U.S. Securities Act), in the United States in connection with any offer or sale of the Equity Shares;

9. the purchaser understands that such Equity Shares of face value of ₹5 each (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:

10. **THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND ACCORDINGLY, THE EQUITY SHARES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED (I) WITHIN THE UNITED STATES SOLELY TO PERSONS WHO ARE REASONABLY BELIEVED TO BE "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE U.S. SECURITIES ACT OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, AND (II) OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" AS DEFINED IN AND IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, AND THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES OCCUR.**

11. our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares of face value of ₹5 each made other than in compliance with the above-stated restrictions; and

12. the purchaser acknowledges that our Company, the Selling Shareholders, the members of the Syndicate, their

respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares of face value of ₹5 each are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares of face value of ₹5 each as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All Other Equity Shares Offered and Sold in this Offer

Each purchaser that is acquiring the Equity Shares of face value of ₹5 each offered pursuant to this Offer outside the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares of face value of ₹5 each offered pursuant to this Offer, will be deemed to have acknowledged, represented to and agreed with our Company, the Selling Shareholders and the members of the Syndicate that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares of face value of ₹5 each offered pursuant to this Offer in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares of face value of ₹5 each 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, resold, pledged or transferred 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 of face value of ₹5 each offered pursuant to this Offer in an "offshore transaction" meeting the requirements of Regulation S under the U.S. Securities Act;

4. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares of face value of ₹5 each offered pursuant to this Offer was located outside the United States at the time (i) the offer for such Equity Shares of face value of ₹5 each was made to it and (ii) when the buy order for such Equity Shares of face value of ₹5 each was originated and continues to be located outside the United States and has not purchased such Equity Shares of face value of ₹5 each for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares of face value of ₹5 each or any economic interest therein to any person in the United States;

5. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

6. 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, has purchased or will purchase any Equity Shares of face value of ₹5 each as a result of 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; and

7. the purchaser acknowledges that our Company, the Selling Shareholders, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares of face value of ₹5 each are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares of face value of ₹5 each 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.

The Company, the 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 the investment limits or maximum number of Equity Shares of face value of ₹5 each 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 of face value of ₹5 each or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares of face value of ₹5 each or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to filing with the RoC.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to filing with the RoC.

Disclaimer Clause of RBI

The disclaimer clause of the RBI as included in the certificate of registration dated February 5, 2004 is as follows:

"The company is having a valid certificate of Registration dated February 5, 2004 issued by Reserve Bank of India under section 45IA of the Reserve Bank of India Act, 1934. However, the Reserve Bank of India 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 opinions expressed by the company and for the repayment of deposits/discharge of liabilities by the company"

Listing

The Equity Shares of face value of ₹5 each Allotted through the Red Herring Prospectus are proposed to be listed on BSE and NSE. [●] shall be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Applications will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares.

If the permission to deal in and for an official quotation of the Equity Shares of face value of ₹5 each 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. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares of face value of ₹5 each at the Stock Exchanges are taken within three Working Days from the Bid/ Offer Closing Date or such time period as may be prescribed by SEBI. If our Company does not allot Equity Shares of face value of ₹5 each 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 in accordance with applicable law for the delayed period.

In order to facilitate the process of listing and commencement of trading of the Equity Shares of face value of ₹5 each on the Stock Exchanges within such time prescribed by SEBI, to the extent necessary, each of the Selling Shareholders, severally and not jointly, shall provide all required support and cooperation as required under applicable law or reasonably requested by our Company and/or the BRLMs in this respect to the extent such reasonable support and cooperation is in relation to such Selling Shareholder and its respective portion of the Offered Shares.

Consents

Consents in writing of (a) each of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, legal advisor to our Company, Bankers to our Company, the BRLMs, the Registrar to the Offer, CRISIL and independent chartered accountant, to act in their respective capacities have been obtained; and (b) consents in writing of the Syndicate Members, Monitoring Agency, Escrow Collection Bank(s)/Refund Bank(s)/ Public Issue Account Bank(s)/ Sponsor Banks to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for filing with the RoC. Further, such consents as mentioned under (a) hereinabove have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus with the SEBI.

Consent from Current Statutory Auditor

Our Company has received a written consent dated July 30, 2024 from Walker Chandiok & Co LLP, Chartered Accountants, to include their name as required under Section 26 of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus, in their capacity as our Current Statutory Auditor and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Expert to the Offer

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

Our Company has received written consent dated July 31, 2024 from S.R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under Section 26(1) of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus, and as an "expert" as defined under Section 2(38) of the Companies Act to the extent and in their capacity as our Predecessor Statutory Auditor and in respect of their (i) examination report dated May 27, 2024 on our Restated Summary Statements; and (ii) report dated June 20, 2024 on the statement of special tax benefits as included in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated July 31, 2024 from V. C. Shah & Co., Chartered Accountants, independent chartered accountant, to include their name as required under the SEBI ICDR Regulations in this Draft Red Herring Prospectus, and as an "expert" as defined under Section 2(38) of the Companies Act with respect of their information in certificate dated July 31, 2024 as included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Particulars regarding public or rights issues by our Company during the last five years

Except as disclosed below, our Company has not undertaken any public or rights issue in the five years preceding the date of this Draft Red Herring Prospectus:

Particulars	Details
Name of the company	Avanse Financial Services Limited
Year of issue	2022
Type of issue	Rights Issue of CCPS
Amount of issue (₹ million)	3,900.00
Amount of allotment (₹ million)	3,900.00
Premium (₹ million)	3,688.10
Discount	NA
Date of closure of issue/ closing date	September 23, 2022 or any other date when the subscription amount is received from all Shareholders to whom the rights issue offer has been made, subject to the applicable statutory timeline of minimum 7 days. The actual date of closure was September 16, 2022 i.e. the date of receipt of subscription amount from all the Shareholders.
Date of allotment	September 16, 2022
Date of credit of securities to the demat account	September 22, 2022
Date of refunds	NA
Date of listing on the stock exchanges	NA

Particulars regarding capital issues by our Company and listed group companies, Subsidiary or associates during the last three years

Other than as disclosed in "*Capital Structure*" on page 75, our Company has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus.

As on the date of this Draft Red Herring Prospectus, our Subsidiary is not listed. As on the date of this Draft Red Herring Prospectus, our Company does not have any associates, or group companies.

Performance vis-à-vis Objects

The details with respect to the performance vis-à-vis objects of all public or rights issue undertaken by our Company in the five years preceding the date of this Draft Red Herring Prospectus.

Sr. No.	Date of allotment	Nature of issuance	Stated objects of the issue	Status of compliance with stated objects	Quantification of Shortfall	Details of delay in case of non-achievement of objects
1.	September 16, 2022	Rights Issue of CCPS	To meet the capital requirements of our Company and of its Subsidiary	Complied	N.A.	N.A

Performance vis-à-vis objects – Last one public/ rights issue of the listed subsidiaries/listed promoter of our Company

None of the equity shares of our Subsidiary or our Promoter is listed on any stock exchanges.

Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares of face value of ₹5 each of our Company, the Equity Shares of face value of ₹5 each are not listed on any stock exchange as on the date of this Draft Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

Commission or brokerage on previous issues in the last five years

Since this is the initial public offer of the Equity Shares of face value of ₹5 each, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares of face value of ₹5 each for the last five years by our Company.

Price information of past issues handled by the Book Running Lead Managers (during the current Financial Year and two Financial Years preceding the current Financial Year)

1) *Kotak Mahindra Capital Company Limited*

Price information of past issues handled by Kotak

Sl. No.	Issue name	Issue size (₹million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Emcure Pharmaceuticals Limited	19,520.27	1,008[1]	July 10,2024	1,325.05	Not applicable	Not applicable	Not applicable
2.	Aadhar Housing Finance Limited	30,000.00	315[2]	May 15,2024	315	+25.56%, [+5.40%]	Not applicable	Not applicable
3.	Indegene Limited	18,417.59	452[3]	May 13,2024	655	+24.28%, [+5.25%]	Not applicable	Not applicable
4.	India Shelter Finance Corporation Limited	12,000.00	493	December 20, 2023	620.00	+17.64%, [+1.48%]	+10.50%, [+4.28%]	+41.91%, [+10.95%]
5.	Honasa Consumer Limited	17,014.40	324[4]	November 7, 2023	330.00	+17.58%, [+7.89%]	+34.77%, [+12.61%]	+29.68%, [+15.81%]
6.	Cello World Limited	19,000	648[5]	November 6, 2023	829.00	+21.92%, [+7.44%]	+32.99%, [+12.58%]	+40.57%, [+15.78%]
7.	Blue Jet Healthcare Limited	8,402.67	346	November 1, 2023	380.00	+4.08%, [+6.02%]	+10.10%, [+14.47%]	+11.16%, [+18.07%]
8.	JSW Infrastructure Limited	28,000.00	119	October 3, 2023	143.00	+41.34%, [-2.93%]	+75.04%, [+10.27%]	+106.30%, [+12.42%]
9.	Signatureglobal (India) Limited	7,300.00	385	September 27, 2023	444.00	+35.79%, [-4.36%]	+112.43%, [+8.28%]	+244.65%, [+12.07%]
10.	SAMHI Hotels Limited	13,701.00	126	September 22, 2023	130.55	+15.16%, [-0.93%]	+ 27.94%, [+ 6.81%]	+62.98%, [+9.09%]

Source: www.nseindia.com; www.bseindia.com

Notes:

1. *In Emcure Pharmaceuticals Limited, the issue price to eligible employees was ₹ 918 after a discount of ₹ 90 per equity share*
2. *In Aadhar Housing Finance Limited, the issue price to eligible employees was ₹ 292 after a discount of ₹ 23 per equity share*
3. *In Indegene Limited, the issue price to eligible employees was ₹ 422 after a discount of ₹ 30 per equity share*
4. *In Honasa Consumer Limited, the issue price to eligible employees was ₹ 294 after a discount of ₹ 30 per equity share*
5. *In Cello World Limited, the issue price to eligible employees was ₹ 587 after a discount of ₹ 61 per equity share*
6. *In the event any day falls on a holiday, the price/index of the immediately preceding trading day has been considered.*
7. *The 30th, 90th, 180th calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days.*
8. *Designated Stock Exchange as disclosed by the respective Issuer at the time of the issue has been considered for disclosing the price information.*
9. *Restricted to last 10 equity initial public issues*

Summary statement of price information of past issues (during current Financial Year and two Financial Years preceding the current Financial Year) handled by Kotak:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2024-25	3	67,937.86	-	-	-	-	1	1	-	-	-	-	-	-
2023-24	11	179,436.83	-	-	-	2	4	5	-	-	-	7	3	1
2022-23	10	367,209.37	-	1	2	-	3	4	-	2	1	2	3	2

Notes:

1. *The information is as on the date of this Draft Red Herring Prospectus.*
2. *The information for each of the financial years is based on issues listed during such financial year.*

2) ***Avendus Capital Private Limited***

Price information of past issues handled by Avendus

Nil

Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Avendus:

Nil

3) ***J.P Morgan India Private Limited***

Price information of past issues handled by J.P Morgan

Sl. No.	Issue name	Issue size (₹million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Emcure Pharmaceuticals Ltd. (b)	19,520.27	1,008[1]	July 10, 2024	1,325.05	NA	NA	NA
2.	Indegene Ltd. (b)	18,417.59	452[1]	May 13, 2024	655.00	+24.3%, [+5.3%]	NA	NA
3.	Honasa Consumer Ltd.(b)	17,014.40	324	November 07, 2023	330.00	+17.6%, [+7.9%]	+34.8%, [+12.6%]	+29.7%. [+15.8%]
4.	Blue Jet Healthcare Ltd.(b)	8,402.67	346	November 01, 2023	380.00	+4.1%. [+6.0%]	+10.1%, [+14.5%]	+11.2%, [+18.1%]
5.	TVS Supply Chain Solutions Ltd.(b)	8,800.00	197	August 23, 2023	207.05	+8.7%, [+1.5%]	+6.6%, [+1.3%]	(7.5%), [+13.4%]
6.	Mankind Pharma Ltd(b)	43,263.55	1,080	May 09, 2023	1,300.00	+37.6%, [+2.5%]	+74.1%, [+6.8%]	+64.4%, [+5.3%]
7.	KFin Technologies Ltd(b)	15,000.00	366	December 29, 2022	367.00	(13.6%), [-3.2%]	(24.6%), [-6.8%]	(4.5%), [+2.5%]
8.	Life Insurance Corporation of India(a)	205,572.31	949[2]	May 17, 2022	867.20	(27.2%), [-3.3%]	(28.1%), [+9.5%]	(33.8%), [+13.8%]
9.	Rainbow Children's Medicare(b)	15,808.49	542[3]	May 10, 2022	510.00	(13.8%), [+0.7%]	(12.8%), [+7.1%]	+49.2%, [+11.6%]

Source: SEBI, Source: www.nseindia.com

1. *Price on the designated stock exchange is considered for all of the above calculation for individual stocks.*
2. *(a) BSE as the designated stock exchange; (b)NSE as the designated stock exchange.*
3. *In case 30th/90th/180th day is not a trading day, closing price on the stock exchange of the previous trading day has been considered.*
4. *Closing price of 30th, 90th, 180th calendar day from listing day has been taken as listing day plus 29, 89 and 179 calendar days respectively.*
5. *Pricing performance is calculated based on the Issue price.*
6. *Variation in the offer price for certain category of investors are:*
   [1] Discount of ₹30.0 per equity share offered to eligible employee bidders. All calculations are based on Issue price of ₹452 per equity share.
   [2] Discount of ₹45.0 per equity share offered to individual retail bidders and eligible employee(s); with discount of INR 60.0 per equity share offered to policyholder bidders respectively. All calculation are based on Issue price of ₹949 per equity share.
   [3] Discount of ₹20.0 per equity share offered to eligible employee bidders. All calculation are based on Issue price of ₹542 per equity share.
7. *Pricing Performance for the benchmark index is calculated as per the close on the day of the listing date.*
8. *Benchmark index considered is NIFTY 50/S&P BSE Sensex basis designated stock exchange for each issue.*
9. *Issue size as per the basis of allotment.*

Summary statement of price information of past issues (during current Financial Year and two Financial Years preceding the current Financial Year) handled by J.P Morgan:

Fiscal Year	Total no. of IPOs	Total amount of funds raised (₹Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2024-2025 YTD	2	37,938	NA	NA	NA	NA	NA	1	NA	NA	NA	NA	NA	NA
2023-2024	4	77,481	NA	NA	NA	NA	1	3	NA	NA	1	1	1	1

Fiscal Year	Total no. of IPOs	Total amount of funds raised (₹Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2022-2023	3	2,36,381	NA	1	2	NA	NA	NA	NA	1	1	NA	1	NA

Note: In the event that any day falls on a holiday, the price/ index of the previous trading day has been considered. The information for each of the financial years is based on issues listed during such financial year.

4) ***Nomura Financial Advisory and Securities (India) Private Limited***

Price information of past issues handled by Nomura

Sr. No.	Issue name	Issue size (₹millions)	Issue price(₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Aadhar Housing Finance Limited	30,000.00	315[1]	May 15, 2024	315.00	+25.56% [+5.40%]	Not applicable	Not applicable
2	Indegene Limited	18,417.59	452[2]	May 13, 2024	655.00	+24.28% [+5.25%]	Not applicable	Not applicable
3	Protean eGov Technologies Limited	4,899.51	792[3]	November 13, 2023	792.00	+45.21% [+7.11%]	+73.18% [+10.26%]	+45.85% [+11.91%]
4	Avalon Technologies Limited	8,649.99	436	April 18, 2023	436.00	-10.09% [+2.95%]	+59.45% [+10.78%]	+21.32% [+11.84%]
5	Five-Star Business Finance Limited	15,885.12	474	November 21, 2022	468.80	+29.72% [+1.24%]	+19.20% [-1.19%]	+11.72% [+0.24%]
6	Life Insurance Corporation of India	205,572.31	949[4]	May 17, 2022	867.20	-27.24% [-3.27%]	-28.12% [+9.47%]	-33.82% [+13.76%]
7	MedPlus Health Services Limited	13,982.95	796[5]	December 23, 2021	1,015.00	+53.22% [+3.00%]	23.06% [+1.18%]	-6.55% [-9.98%]
8	Shriram Properties Limited	6,000.00	118[6]	December 20, 2021	90.00	-12.42% [+9.02%]	-33.39% [+4.05%]	-46.69% [-7.95%]
9	RateGain Travel Technologies Limited	13,357.35	425[7]	December 17, 2021	360.00	+11.99% [+7.48%]	-31.08% [-0.06%]	-35.24% [-7.38%]
10	Fino Payments Bank	12,002.93	577	November 12, 2021	548.00	-30.55% [-3.13%]	-34.56% [-3.66%]	-52.33% [-10.42%]

Source: *www.nseindia.com, www.bseindia.com*

1. *Discount of INR 23.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*
2. *Discount of INR 30.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*
3. *Discount of INR 75.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*
4. *Discount of INR 60.00 per Equity Share was offered to eligible policyholders bidding in the Policyholder Reservation Portion, discount of INR 45.00 per Equity Share was offered to eligible employees and retail individual bidders bidding in the Employee Reservation Portion and the Retail Portion respectively*
5. *Discount of INR 78.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*
6. *Discount of INR 11.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*
7. *Discount of INR 40.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*

Notes:

a. *For each issue, depending on its Designated Stock Exchange, BSE or NSE; Sensex or Nifty50 is considered as the benchmark for each issue*
b. *For each issue, depending on its Designated Stock Exchange, price on BSE or NSE is considered for above calculations*
c. *In case 30th/90th/180th day is not a trading day, closing price on BSE or NSE of the previous trading day has been considered*
d. *Not applicable – Period not completed*
e. *Above list is limited to last 10 equity initial public issues*

Summary statement of price information of past issues (during current Financial Year and two Financial Years preceding the current Financial Year) handled by Nomura:

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%
2024-2025	2	48,417.59	-	-	-	-	1	1	-	-	-	-	-	-
2023-2024	2	13,549.50	-	-	1	-	1	-	-	-	-	-	1	1
2022-2023	2	221,457.43	-	1	-	-	1	-	-	1	-	-	-	1

Source*: www.nseindia.com, www.bseindia.com*

Notes*:*

a) The information is as on the date of this document

b) The information for each of the financial years is based on issues listed during such financial year

5) ***Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)***

Price information of past issues handled by Nuvama

Sl. No.	Issue name**	Issue size (₹million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Allied Blenders and Distillers Limited	15,000.00	281.00$	July 02, 2024	320.00	9.68%[3.00%]	NA	NA
2.	Go Digit General Insurance Limited	26,146.46	272.00	May 23, 2024	286.00	22.83% [2.32%]	NA	NA
3.	Popular Vehicles and Services Limited	6,015.54	295.00#	March 19, 2024	289.20	-15.59% [1.51%]	-13.67% [7.55%]	NA
4.	Capital Small Finance Bank Limited	5,230.70	468.00	February 14, 2024	435.00	-25.25% [1.77%]	-26.09% [1.33%]	NA
5.	Mediassist Healthcare Services Limited	11,715.77	418.00	January 23, 2024	465.00	22.32% [3.20%]	15.66% [3.86%]	33.86% [14.54%]
6.	Flair Writing Industries Limited	5,930.00	304.00	December 1, 2023	501.00	14.69% [7.22%]	-8.63% [8.31%]	1.12% [12.93%]
7.	Gandhar Oil Refinery (India) Limited	5,006.92	169.00	November 30, 2023	298.00	61.51% [7.94%]	41.57% [10.26%]	22.99% [13.90%]
8.	ESAF Small Finance Bank Limited	4,630.00	60.00^	November 10, 2023	71.90	12.87% [7.58%]	31.18% [11.17%]	0.77% [13.26%]
9.	Sai Silks (Kalamandir) Limited	12,009.98	222.00	September 27, 2023	230.10	8.09% [-4.49%]	25.09% [7.54%]	-12.30% [10.15%]
10.	Jupiter Life Line Hospitals Limited	8,690.76	735.00	September 18, 2023	973.00	42.27% [-1.60%]	56.54% [6.57%]	51.67% [9.39%]

Source: www.nseindia.com and www.bseindia.com

$Allied Blenders and Distillers Limited- A discount of ₹ 26 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹281 per equity share

#Popular Vehicles and Services Limited- A discount of ₹ 28 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹295 per equity share.

^ESAF Small Finance Bank Limited- A discount of ₹ 5 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹60 per equity share.

#As per Prospectus

***Pursuant to order passed by Hon'ble National Company Law Tribunal, Mumbai Bench dated April 27, 2023, the merchant banking business of Edelweiss Financial Services Limited ("Edelweiss") has demerged and now transferred to Nuvama Wealth Management Limited ("Nuvama") and therefore the said merchant banking business is part of Nuvama.*

Notes

1. *Based on date of listing.*
2. *% of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.*
3. *Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.*
4. *Designated Stock Exchange as disclosed by the respective Issuer at the time of the issue has been considered for disclosing the price information and benchmark index.*
5. *Not Applicable. – Period not completed.*
6. *Disclosure in Table-1 restricted to 10 issues.*

Summary statement of price information of past issues (during current Financial Year and two Financial Years preceding the current Financial Year) handled by Nuvama:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹Mn.)#	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2024-25	2	41,146.46	-	-	-	-	-	2	-	-	-	-	-	-
2023-24*	9	68,029.67	-	1	1	1	1	5	-	-	2	1	1	3
2022-23	3	28,334.49	-	**1**	-	-	1	1	**-**	**1**	**1**	-	**-**	**1**

The information is as on the date of the document

1. *Based on date of listing.*
2. *Wherever 30^{th} and 180^{th} calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.*
3. *Designated Stock Exchange as disclosed by the respective Issuer at the time of the issue has been considered for disclosing the price information and benchmark index.*
4. **For the financial year 2023-24, 9 issues have completed 30 calendar days, 9 issues have completed 90 calendar days and 6 issues have completed 180 calendar days.*

#As per Prospectus

6) *SBI Capital Markets Limited*

Price information of past issues handled by SBICAPS

Sr. No.	Issue Name**	Issue Size (₹ Mn.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Bansal Wire Industries Limited#	7,450.00	256.00	July 10, 2024	356.00	-	-	-
2	Stanley Lifestyles Limited@	5,370.24	369.00	June 28, 2024	499.00	+55.96% [+2.91%]	-	-
3	Dee Development Engineers Limited(1) #	4,180.15	203.00	June 26, 2024	339.00	+81.16% [+2.25%]	-	-
4	Aadhar Housing Finance Ltd(2)#	30,000.00	315.00	May 15, 2024	315.00	+25.56% [+5.40%]	-	-
5	Bharti Hexacom Ltd@	42,750	570.00	April 12,2024	755.20	+58.25% [-2.13%]	+85.03% [+7.65%]	-
6	R K Swamy Limited(3) @	4,235.60	288.00	March 12, 2024	252.00	-1.30% [+1.86%]	-6.70% [+4.11%]	-
7	Entero Healthcare Solutions Ltd(4) @	16,000.00	1,258.00	February 16, 2024	1,245.00	-19.65% [+0.30%]	-19.84% [+0.77%]	-
8	Jana Small Finance Bank@	5,699.98	414.00	February 14, 2024	396.00	-5.23% [+1.77%]	+50.70% [+1.33%]	-
9	Medi Assist Healthcare Services Ltd@	11,715.77	418.00	January 23, 2024	465.00	+22.32% [+3.40%]	+15.66% [+4.06%]	+33.86% [+14.76%]
10	Jyoti CNC Automation Limited#	10,000.00	331.00	January 16, 2024	370.00	+78.07% [-0.87%]	+135.94% [+2.21%]	+265.79% [+11.21%]

Source: www.nseindia.com and www.bseindia.com

Notes:

* *The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days isa trading holiday, the previous trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.*

** *The information is as on the date of this document.*

* *The information for each of the financial years is based on issues listed during such financial year.*

@ *The S&P BSE SENSEX index is considered as the Benchmark Index, BSE being the designated stock exchange*

\# *The Nifty 50 index is considered as the Benchmark Index, NSE being the designated stock exchange*

1 Price for eligible employee was Rs 184.00 per equity share

2 Price for eligible employee was Rs 292.00 per equity share

3 Price for eligible employee was Rs 261.00 per equity share

4 Price for eligible employee was Rs 1,139.00 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 SBICAPS:

Financial Year	Total no. of IPOs #	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2024-25*	5	89,750.39	-	-	-	3	1	-	-	-	-	-	-	-
2023-24	12	1,32,353.46			6	2	3	1			1	5	1	2
2022-23	3	2,28,668.02	-	1	1	-	1	-	-	1	1	-	-	1

* *The information is as on the date of this Offer Document.*

\# *Date of Listing for the issue is used to determine which financial year that particular issue falls into*

Track record of past issues handled by the Book Running Lead Managers

For details regarding the track record of the Book Running Lead Managers, as specified in circular bearing number CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the Book Running Lead Managers, as provided in the table below:

S. No.	Name of BRLM	Website
1.	Kotak Mahindra Capital Company Limited	https://investmentbank.kotak.com
2.	Avendus Capital Private Limited	https://www.avendus.com/india
3.	J.P Morgan India Private Limited	https://www.jpmorgan.com/IN/en/about-us
4.	Nomura Financial Advisory and Securities (India) Private Limited	www.nomuraholdings.com/company/group/asia/india/index.html
5.	Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	https://www.nuvama.com/
6.	SBI Capital Markets Limited	https://www.sbicaps.com

Mechanism for redressal of investor grievances

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares of face value of ₹5 each on the Stock Exchanges or any such period as prescribed under the applicable laws, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All Offer related grievances, other than of Anchor Investors may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted, giving full details such as name of the sole or first Bidder, ASBA Form number, Bidder's DP ID, Client ID, PAN, address of Bidder, number of Equity Shares of face value of ₹5 each applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for UPI Bidders who make the payment of Bid Amount), date of ASBA Form and the name and address of the relevant Designated Intermediary where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediary in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. For offer related grievances, investors may contact the BRLMs, details of which are given in "*General Information*" beginning on page 67.

All Offer related grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first Bidder, Anchor Investor Application Form number, Bidders' DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares of face value of ₹5 each applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLMs where the Anchor Investor Application Form was submitted by the Anchor Investor.

In case of any delay in unblocking of amounts in the ASBA Accounts exceeding two Working Days from the Bid/ Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher, for the entire duration of delay exceeding two Working Days from the Bid/ Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/ /2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 the SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs in accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in the events of delayed unblock for cancelled/withdrawn/deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partially-allotted applications, for the stipulated period. Further, in terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, the payment of processing fees to the SCSBs shall be undertaken pursuant to an application made by the SCSBs to the BRLMs, and such application shall be made only after (i) unblocking of application amounts for each application received by the SCSB has been fully completed, and (ii) applicable compensation relating to investor complaints has been paid by the SCSB.

Separately, pursuant to the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, read with SEBI circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, the following compensation mechanism has become 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 also be liable to compensate the investor at the rate of ₹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.

Our Company, the BRLMs, each of the Selling Shareholders and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under the applicable provisions of SEBI ICDR Regulations.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Banks for addressing any clarifications or grievances of ASBA Bidders. Bidders can contact our 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 of face value of ₹5 each in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Disposal of investor grievances by our Company

Our Company has obtained authentication on the SEBI SCORES (SCORES ID: A01074) in terms of the SEBI circular no. SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023 in relation to redressal of investor grievances through SCORES.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint, provided however, in relation to complaints pertaining to blocking/unblocking of funds, investor complaints shall be resolved on 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.

Investors can contact our 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 of face value of ₹5 each in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. Our Company has also appointed Rajesh Pravinkumar Gandhi, Company Secretary and Compliance Officer. For helpline details of the BRLMs pursuant to the SEBI/HO/CFD/DIL-2/OW/P/2021/2481/1/M dated March 16, 2021, see "*General Information*" beginning on page 67. Our Company has constituted a Stakeholders' Relationship Committee comprising Neeraj Swaroop (Chairperson) and Savita Mahajan and Narendra Ostawal as members, which is responsible for redressal of grievances of the security holders of our Company. For details, see "*Our Management - Stakeholders' Relationship Committee*" on page 221.

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

As on the date of this Draft Red Herring Prospectus, our Company has not applied for or received any exemption from the SEBI from compliance with any provisions of securities laws including the SEBI ICDR Regulations.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares of face value of ₹5 each being Offered and Allotted shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SEBI Listing Regulations, SCRA, SCRR, our Memorandum of Association and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, the Bid cum Application Form, the Revision Form, the CAN or Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents or certificates that may be executed in respect of the Offer. The Equity Shares of face value of ₹5 each shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by SEBI, RBI, Government of India, the Stock Exchanges, RoC and/ or any other authorities while granting their approval for the Offer.

The Offer

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders. For details in relation to Offer expenses, see "*Objects of the Offer– Offer expenses*" on page 97.

Ranking of the Equity Shares

The Equity Shares of face value of ₹5 each being Offered and Allotted shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR our MoA and AoA and shall rank *pari passu* in all respects with the existing Equity Shares of face value of ₹5 each including in respect of the right to receive dividend, voting and other corporate benefits. For further details, "*Main Provisions of Articles of Association*" beginning on page 434.

Mode of payment of dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the MoA and AoA and provisions of the SEBI Listing Regulations and any other guidelines, regulations or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment, will be payable to the Bidders who have been Allotted Equity Shares of face value of ₹5 each in the Offer, in accordance with applicable laws. For further details, in relation to dividends, see "*Dividend Policy*" and "*Main Provisions of Articles of Association*" beginning on pages 231 and 434, respectively.

Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹5 and the Offer Price is ₹[●] per Equity Share. The Floor Price is ₹[●] per Equity Share and at the Cap Price is ₹[●] per Equity Share, being the Price Band. The Anchor Investor Offer Price is ₹[●] per Equity Share.

The Offer Price, Price Band, and the minimum Bid Lot will be decided by our Company in consultation with the BRLMs, and advertised in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located), each with wide circulation, at least two Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms, which shall be available on the respective websites of the Stock Exchanges. The Offer Price shall be determined by our Company in consultation with the BRLMs, after the Bid/ Offer Closing Date, by way of the Book Building Process.

At any given point of time, there shall be only one denomination of Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and our AoA, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy and "e-voting", in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability of their Equity Shares of face value of ₹5 each, subject to applicable laws including any NHB and RBI rules and regulations and foreign exchange laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations, our AoA and applicable law.

For a detailed description of the main provisions of the AoA relating to voting rights, dividend, forfeiture and lien, transfer, transmission, consolidation or sub-division, see "*Main Provisions of Articles of Association*" beginning on page 434.

Allotment only in dematerialised form

Pursuant to Section 29 of the Companies Act and the SEBI ICDR Regulations, the Equity Shares of face value of ₹5 each shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares of face value of ₹5 each shall only be in dematerialised form on the Stock Exchanges. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite agreement dated December 6, 2016 amongst our Company, CDSL and the Registrar to the Offer; and
- Tripartite agreement dated March 26, 2019 between our Company, NSDL and the Registrar to the Offer.

For details in relation to the Basis of Allotment, see "*Offer Procedure*" beginning on page 414.

Market lot and trading lot

Since trading of the Equity Shares of face value of ₹5 each is in dematerialised form, the tradable lot is one Equity Share. Allotment in the Offer will be only in dematerialised and electronic form in multiples of [●] Equity Share(s) subject to a minimum Allotment of [●] Equity Shares. For further details on the Basis of Allotment, see "*Offer Procedure*" beginning on page 414.

Joint holders

Subject to the provisions contained in our AoA, where two or more persons are registered as the holders of the Equity Shares of face value of ₹5 each, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/authorities in Mumbai, Maharashtra, India.

Period of subscription list of the Offer

For details, see "*– Bid/Offer Programme*" on page 408.

Nomination facility to Bidders

In accordance with Section 72 of the Companies Act read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares of face value of ₹5 each Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is modified or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares of face value of ₹5 each by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer or alienation of Equity Share(s) by the person nominating. A nomination may be cancelled or modified by nominating any other person in place of the present nominee, by the holder of the Equity Shares of face value of ₹5 each who made the nomination, by giving a notice of such cancellation or variation to our Company. A buyer will be entitled to make a fresh nomination/ cancel nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or Corporate Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act shall upon the production of such evidence as may be required by our Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares of face value of ₹5 each, 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 of face value of ₹5 each, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, interests, bonuses or other monies payable in respect of the Equity Shares of face value of ₹5 each, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares of face value of ₹5 each in the Offer will be made only in dematerialised mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change their nomination, they are requested to inform their respective Depository Participant.

Withdrawal of the Offer

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserves the right not to proceed with the Offer, in whole or in part thereof, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges simultaneously. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Banks (in case of UPI Bidders using the UPI Mechanism, subject to the Bid Amount being up to ₹0.20 million), to unblock the bank accounts of the ASBA Bidders and shall notify the Escrow Collection Bank to release the Bid Amounts to the Anchor Investors, within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares of face value of ₹5 each are proposed to be listed.

If our Company and the Selling Shareholders, in consultation with the BRLMs, withdraw the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with a public offering of the Equity Shares of face value of ₹5 each, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Offer is also subject to (i) the filing of the Prospectus with the RoC; and (ii) obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

Bid/Offer Programme

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
BID/OFFER OPENS ON	[●][(1)]
BID/OFFER CLOSES ON	[●][(2)(3)]
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [T+1]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about [T+2]
Credit of Equity Shares to demat accounts of Allottees	On or about [T+2]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [T+3]

1. *Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations.*
2. *Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*
3. *UPI mandate end time and date shall be at 5:00 p.m. on the Bid/ Offer Closing Date.*

* *In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/Offer Closing Date 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, for the entire duration of delay exceeding two Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs and shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The Bidder shall be compensated by the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with the 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, SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 and the SEBI ICDR Master Circular, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of our Company with the SCSBs, to the extent applicable. The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation in compliance with SEBI circular no. SEBI/HO/CFD/DIL2/P/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.*

The above timetable is indicative and does not constitute any obligation or liability on our Company or any of the Selling Shareholders or the BRLMs.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares of face value of ₹5 each on the Stock Exchanges are taken within three Working Days from the Bid/ Offer Closing Date or such other time as prescribed by SEBI, the timetable may be subject to change due to various factors, such as extension of the Bid/Offer Period by our Company and the Selling Shareholders, in consultation with the BRLMs, revision of the Price Band by our Company, in consultation with the BRLMs or any delay in receiving the final listing and trading approval from the Stock Exchanges. Our Company shall within two Working days from the closure of the Offer or such period as may be prescribed, refund the subscription amount received in case of non-receipt of minimum subscription or in case our Company fails to obtain listing or trading permission from the Stock Exchanges for the Equity Shares. The commencement of trading of the Equity Shares of face value of ₹5 each will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. In order to facilitate the process of listing and commencement of trading of the Equity Shares of face value of ₹5 each on the Stock Exchanges within such time prescribed by SEBI, to the extent necessary, each of the Selling Shareholders, severally and not jointly, shall provide all required support and cooperation as required under applicable law or reasonably requested by our Company and/or the BRLMs in this respect to the extent such reasonable support and cooperation is in relation to such Selling Shareholder and its respective portion of the Offered Shares.

SEBI vide circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, has reduced the post issue timeline for initial public offerings. The revised timeline of T+3 days has been made applicable in two phases, i.e., voluntary for all public issues opening on or after September 1, 2023, and mandatory on or after December 1, 2023. Accordingly, the Offer will be made under UPI Phase III on mandatory T+3 days listing basis, any circulars, clarification or notification issued by the SEBI from time to time, including with respect to SEBI circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the Allotment and listing procedure within three Working Days from the Bid/Offer Closing Date or such other time as prescribed by SEBI, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated for the entire duration of delay exceeding two Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking, in the manner specified in the UPI Circulars, to the extent applicable, which for the avoidance of doubt, shall be deemed to be incorporated herein. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("**IST**")
Bid/Offer Closing Date*	
Submission of electronic applications (online ASBA through 3-in-1 accounts) – For RIBs, other than QIBs and Non-Institutional Investors	Only between 10.00 a.m. and 5.00 p.m. IST
Submission of electronic applications (Bank ASBA through online channels like internet banking, mobile banking and syndicate UPI ASBA applications)	Only between 10.00 a.m. and 4.00 p.m. IST
Submission of electronic applications (syndicate non-retail, non-individual applications)	Only between 10.00 a.m. and 3.00 p.m. IST
Submission of physical applications (Bank ASBA)	Only between 10.00 a.m. and 1.00 p.m. IST
Submission of physical applications (syndicate non-retail, non-individual applications)	Only between 10.00 a.m. and 12.00 p.m. IST
Modification/ Revision/cancellation of Bids	
Upward revision of Bids by QIBs and Non-Institutional Bidders categories[#]	Only between 10.00 a.m. and 4.00 p.m. IST on Bid/ Offer Closing Date
Upward or downward revision of Bids or cancellation of Bids by RIBs	Only between 10.00 a.m. and 5.00 p.m. IST

* *UPI mandate end time and date shall be at 05:00 p.m. on Bid/ Offer Closing Date.*

[#] *QIBs and Non-Institutional Bidders can neither revise their bids downwards nor cancel/withdraw their bids.*

On the Bid/ Offer Closing Date, the Bids shall be uploaded until:

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs.

On the Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by RIBs after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSBs on a daily basis within 60 minutes of the Bid closure time from the Bid/Offer Opening Date until the Bid/ Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the BRLMs and the Registrar to the Offer on a daily basis.

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 are advised to submit their Bids one day prior to the Bid/Offer Closing Date, and in any case, no later than 1:00 pm IST on the Bid/Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only during Monday to Friday (excluding any public holiday).

Investors may please note that as per letter no. List/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE, respectively, Bids and any revision in Bids shall not be accepted on Saturdays, Sundays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges.

Our Company, in consultation with the BRLMs reserve the right to revise the Price Band during the Bid/Offer Period, in accordance with the SEBI ICDR Regulations. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor

Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly but the Floor Price shall not be less than the Face Value of the Equity Shares. In all circumstances, the Cap Price shall be at least 105% of the Floor Price and less than or equal to 120% of the Floor Price.

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

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment. The Floor Price shall not be less than the face value of the Equity Shares.

Minimum Subscription

If our Company does not receive the minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR or; the minimum subscription of 90% of the Fresh Issue on the date of closure of the Offer; or subscription level falls below aforesaid minimum subscription after the Bid/Offer Closing Date due to withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares of face value of ₹5 each so offered under the Offer Document, our Company shall forthwith refund/unblock the entire subscription amount received in accordance with applicable law including the SEBI circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, including the SEBI master circular number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023. If there is a delay beyond two days, our Company, to the extent applicable, shall pay interest at the rate of 15% per annum on the Bid Amount as per the SEBI circular (mentioned above). The Selling Shareholders, severally and not jointly, shall be liable to refund money raised in the Offer only to the extent of the Equity Shares offered by such Selling Shareholder in the Offer, together with any interest on such money, as required under appliable law, to the Bidder, provided no Selling Shareholder shall be responsible to pay such interest unless such delay is solely by, or is directly attributable to, an act or omission of such Selling Shareholder in relation to its respective portion of the Offered Shares and in such cases our Company shall be responsible to pay such interest. All refunds made, interest borne, and expenses incurred (with regard to payment of refunds) by our Company on behalf of any of the Selling Shareholders (only to the extent of its respective portion of the Offered Shares) will be adjusted or reimbursed by such Selling Shareholder to the Company as agreed among our Company and the Selling Shareholders in writing, in accordance with applicable law.

The requirement for minimum subscription of 90% is not applicable to the Offer for Sale. In case of under-subscription in the Offer, the Equity Shares will be allotted in the following order: (i) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue is subscribed; (ii) upon (i), all the Equity Shares held by the Selling Shareholders and offered for sale in the Offer for Sale will be Allotted (in proportion to the Offered Shares being offered by each Selling Shareholder); and (iii) once Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by our Company towards the balance 10% of the Fresh Issue portion.

Undersubscription, if any, in any category except the QIB portion, would be met with spill-over from the other categories at the discretion of our Company, in consultation with the BRLMs, 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 of face value of ₹5 each will be Allotted will be not less than 1,000 failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws.

Arrangements for disposal of odd lots

Since the Equity Shares of face value of ₹5 each will be traded in dematerialised form only, and the market lot for our Equity Shares of face value of ₹5 each will be one Equity Share, no arrangements for disposal of odd lots are required.

Restrictions, if any on transfer and transmission of Equity Shares

Except for the lock-in of the pre-Offer Equity Share capital of our Company, subject to some exceptions as provided under SEBI ICDR Regulations, lock-in of the Promoter's minimum contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" beginning on page 75 and except as provided in the AoA, there are no restrictions on transfer or transmission of Equity Shares. For details see "*Main Provisions of Articles of Association*" beginning on page 434.

New financial instruments

Our Company is not issuing any new financial instruments through this Offer.

OFFER STRUCTURE

The Offer is of up to [●] Equity Shares of face value of ₹5 at an Offer Price of ₹[●] per Equity Share for cash (including a share premium of ₹[●] per Equity Share) aggregating up to ₹35,000.00 million comprising a Fresh Issue of up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹10,000.00 million and an Offer of Sale of up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹25,000.00 million by the Selling Shareholders consisting up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹17,580.00 million by Olive Vine, up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹3,420.00 million by IFC, and up to [●] Equity Shares of face value of ₹5 each aggregating up to ₹4,000.00 million by Kedaara Capital. The Offer will constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

The Offer shall constitute [●]% of the post-Offer paid-up Equity Share capital of our Company. The face value of the Equity Shares is ₹5 each.

The Offer is being made through the Book Building Process.

Particulars	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/allocation* (2)	Not more than [●] Equity Shares	Not less than [●] Equity Shares of face value of ₹5 each available for allocation or Offer less allocation to QIB Bidders and RIBs	Not less than [●] Equity Shares of face value of ₹5 each available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment/allocation	Not more than 50% of the Offer shall be available for allocation to QIB Bidders. However, up to 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be added to the Net QIB Portion	Not less than 15% of the Offer. The allotment to each Non-Institutional Bidder shall not be less than the minimum application size, subject to availability of Equity Shares of face value of ₹5 each in the Non-Institutional Portion and the remaining available Equity Shares of face value of ₹5 each, if any, shall be available for allocation out of which (a) one third of such portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹0.20 million and up to ₹1.00 million; and (b) two third of such portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹1.00 million, provided that the unsubscribed portion in either the sub-categories mentioned above may be allocated to applicants in the other sub-category of Non-Institutional Bidders	Not less than 35% of the Offer or the Offer less allocation to QIB Bidders and Non-Institutional Investors will be available for allocation
Basis of Allotment/ allocation if respective category is oversubscribed	Proportionate as follows (excluding the Anchor Investor Portion): a) up to [●] Equity Shares of face value of ₹5 each shall be available for allocation on a proportionate basis to Mutual Funds only; and b) up to [●] Equity Shares of face value of ₹5 each shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to 60% of the QIB Portion of up to [●] Equity Shares of face value of ₹5 each may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to	The Equity Shares of face value of ₹5 each available for allocation to Non-Institutional Bidders under the Non- Institutional Portion, shall be subject to the following: a) one third of the portion available to Non-Institutional Bidders being [●] Equity Shares of face value of ₹5 each are reserved for Bidders Biddings more than ₹0.20 million and up to ₹1.00 million; and b) two third of the portion available to Non-Institutional Bidders being [●] Equity Shares of face value of ₹5 each are reserved for Bidders Bidding more than ₹1.00 million.	The allotment to each RIB shall not be less than the minimum Bid Lot, subject to availability of Equity Shares of face value of ₹5 each in the Retail Portion and the remaining available Equity Shares of face value of ₹5 each if any, shall be Allotted on a proportionate basis. For further details, see "*Offer Procedure*" on page 414.

Particulars	QIBs[1]	Non-Institutional Bidders	Retail Individual Bidders
	domestic Mutual Funds only, subject to valid Bids being received from Mutual Funds at or above the Anchor Investor Allocation Price	Provided that the unsubscribed portion in either of the categories specified in (a) or (b) above, may be allocated to Bidders in the other sub- category of Non-Institutional Portion in accordance with SEBI ICDR Regulations. The allotment of specified securities to each Non-Institutional Bidder shall not be less than the minimum application size, subject to availability in the Non-Institutional Portion, and the remainder, if any, shall be allotted on a proportionate basis in accordance with the conditions specified in this regard in Schedule XIII of the SEBI ICDR Regulations. For details, see "*Offer Procedure*" on page 414	
Minimum Bid	[●] Equity Shares of face value of ₹5 each in multiples of [●] Equity Shares of face value of ₹5 each such that the Bid Amount exceeds ₹0.20 million	Such number of Equity Shares of face value of ₹5 each in multiples of [●] Equity Shares of face value of ₹5 each such that the Bid Amount exceeds ₹0.20 million	[●] Equity Shares of face value of ₹5 each and in multiples of [●] Equity Shares of face value of ₹5 each thereafter
Maximum Bid	Such number of Equity Shares of face value of ₹5 each in multiples of [●] Equity Shares of face value of ₹5 each not exceeding the size of the Offer, (excluding the Anchor portion) subject to applicable limits	Such number of Equity Shares of face value of ₹5 each in multiples of [●] Equity Shares of face value of ₹5 each not exceeding the size of the Offer, (excluding the QIB portion) subject to limits applicable to the Bidder	Such number of Equity Shares of face value of ₹5 each in multiples of [●] Equity Shares of face value of ₹5 each so that the Bid Amount does not exceed ₹0.20 million
Mode of Bidding	Through ASBA process only (except Anchor Investors). In case of UPI Bidders, ASBA process will include the UPI Mechanism.		
Bid Lot	[●] Equity Shares of face value of ₹5 each and in multiples of [●] Equity Shares of face value of ₹5 each thereafter		
Mode of Allotment	Compulsorily in dematerialised form		
Allotment Lot	A minimum of [●] Equity Shares of face value of ₹5 each and in multiples of one Equity Share thereafter		
Trading Lot	One Equity Share		
Who can apply[4]	Public financial institutions as specified in Section 2(72) of the Companies Act, scheduled commercial banks, Mutual Funds, FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million, 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 through resolution F. No.2/3/2005-DD-II dated November 23, 2005, the insurance	Resident Indian individuals, Eligible 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 re-categorised as Category II FPIs and registered with SEBI	Resident Indian individuals, Eligible NRIs and HUFs (in the name of the karta)

Particulars	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
	funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs, in accordance with applicable laws.		
Terms of Payment	**In case of Anchor Investors:** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids(3) **In case of all other Bidders:** Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder or by the Sponsor Bank(s) through the UPI Mechanism (other than Anchor Investors) that is specified in the ASBA Form at the time of submission of the ASBA Form		

* *Assuming full subscription in the Offer.*

^ *SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2022/45) dated April 5, 2022, has prescribed that all individual investors applying in initial public offerings opening on or after May 1, 2022, where the application amount is up to ₹0.50 million, shall use UPI. Individual investors Bidding under the Non-Institutional Portion Bidding for more than ₹0.20 million and up to ₹0.50 million, using the UPI Mechanism, shall provide their UPI ID in the Bid-cum-Application Form for Bidding through Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers. Further SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, has mandated that ASBA applications in public issues shall be processed only after the application monies are blocked in the bank accounts of the investors. Accordingly, Stock Exchanges shall, for all categories of investors viz. QIBs, NIIs and RIIs and also for all modes through which the applications are processed, accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked.*

(1) *Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion 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 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100 million but up to ₹2,500 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹50 million per Anchor Investor, and (iii) in case of allocation above ₹2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million or part thereof will be permitted, subject to minimum allotment of ₹50 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares of face value of ₹5 each, that the Bid Amount is at least ₹100 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above the price at which allocation is made to Anchor Investors, which price shall be determined by our Company in consultation with the BRLMs.*

(2) *Subject to valid Bids being received at or above the Offer Price. This is an Offer in terms of Rule 19(2)(b) of the SCRR and Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers. Such number of Equity Shares of face value of ₹5 each representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares of face value of ₹5 each available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, subject to availability of Equity Shares of face value of ₹5 each in the respective categories, not less than 15% of the Offer shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to RIBs, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.*

(3) *Anchor Investors are not permitted to use the ASBA process.*

(4) *In the event that a Bid is submitted in joint names, the relevant Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form. The Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.*

(5) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN.*

Bidders will be required to confirm and will be deemed to have represented to our Company, each of the Selling Shareholders, the Underwriters, their respective directors, officers, designated partners, partners, trustees, associates, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

The Bids by FPIs with certain structures as described under "*Offer Procedure - Bids by Foreign Portfolio Investors*" on page 421 and having same PAN will be collated and identified as a single Bid in the Bidding process. The Equity Shares of face value of ₹5 each Allocated and Allotted to such successful Bidders (with same PAN) will be proportionately distributed.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis.

However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "*Terms of the Offer*" beginning on page 406.

OFFER PROCEDURE

All Bidders should read the General Information Document which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the Abridged Prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer, especially in relation to the process for Bids by UPI Bidders through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.

*Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of Confirmation of Allocation Note ("**CAN**") and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications and electronic registration of bids; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of the Companies Act relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) 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, had introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019. Pursuant to its circular SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, the SEBI has increased the UPI limit from ₹2,00,000 to ₹5,00,000 for all the individual investors applying in public issues.*

*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 process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds was discontinued and only the UPI Mechanism for such Bids with the 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/DIL2/CIR/P/2020/50 dated March 30, 2020 had extended the timeline for implementation of UPI Phase II till further notice. The final reduced timeline of T+3 days for the UPI Mechanism for applications by UPI Bidders ("**UPI Phase III**") and modalities of the implementation of UPI Phase III was notified by SEBI vide its circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 and made effective on a voluntary basis for all issues opening on or after September 1, 2023 and on a mandatory basis for all issues opening on or after December 1, 2023.*

The Offer will be undertaken pursuant to the processes and procedures under UPI Phase III on a mandatory basis, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances, which came into force with effect from May 1, 2021, except 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, SEBI circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/76 dated May 30, 2022 and SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023. The SEBI RTA Master Circular consolidated the aforementioned circulars (excluding SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023) and rescinded these circulars to the extent relevant for RTAs. The provisions of these circulars are deemed to form part of this Draft Red Herring Prospectus. Pursuant to circular no. NSDL/CIR/II/28/2023 dated August 8, 2023 issued by NSDL and CDSL/OPS/RTA/POLCY/2023/161 dated August 8, 2023 issued by CDSL. Our Company have requested Depositories to suspend /Freeze the ISIN in Depository system from the date of RHP till listing/ trading effective date. The shareholders who intend to transfer the pre-IPO shares may request our Company/ Registrar to the Offer for facilitating transfer of shares under suspended / Frozen ISIN by submitting requisite documents. our Company/ Registrar would then send the requisite documents along with applicable stamp duty and corporate action charges to the respective Depository to execute the transfer of shares under suspended ISIN through Corporate Action (CA). The transfer request shall be accepted from Issuer till one day prior to issue opening date.

Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares of face value of ₹5 each that can be held by them under applicable law or as specified in the Red Herring Prospectus. Further, our Company, each of the Selling Shareholders and the members of the Syndicate are not liable for any adverse occurrence consequent to the implementation of the UPI Mechanism for application in the Offer.

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).

Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be allocated on a proportionate basis to QIBs. Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis in accordance with the SEBI ICDR Regulations, out of which one-third shall be available for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares of face value of ₹5 each shall be added to the QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders other than Anchor Investors, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, subject to availability of Equity Shares of face value of ₹5 each in the respective categories, not less than 15% of the Offer shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to RIBs in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company, in consultation with the BRLMs, and the Designated Stock Exchange and subject to applicable laws. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

Bidders must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

The Equity Shares of face value of ₹5 each, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Bidders should note that the Equity Shares of face value of ₹5 each will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms, which do not have the details of the Bidders' depository account, including DP ID, Client ID, UPI ID (in case of UPI Bidders using the UPI Mechanism) and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares of face value of ₹5 each in physical form. However, they may get the Equity Shares of face value of ₹5 each rematerialised subsequent to Allotment of the Equity Shares of face value of ₹5 each in the Offer, subject to applicable laws.

Phased implementation of Unified Payments Interface

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of, *inter alia*, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by UPI Bidders through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase had become applicable from July 1, 2019. and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 had decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds was discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continued to be six Working Days during this phase.

Phase III: This phase was applicable on a voluntary basis for all issues opening on or after September 1, 2023 and has become mandatory for all issues opening on or after December 1, 2023, vide SEBI circular bearing number SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 ("**T+3 Notification**"). In this phase, the time duration from public issue closure to listing has been reduced to three Working Days. The Offer shall be undertaken pursuant to the processes and procedures as notified in the T+3 Notification as applicable, subject to any circulars, clarification or notification issued by SEBI from time to time, including any circular, clarification or notification which may be issued by SEBI.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Pursuant to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 issued by SEBI, as amended by the 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/TPD1/CIR/P/2023/140 dated August 9, 2023 (the "**UPI Streamlining Circular**"), SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Streaming Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the post–Offer BRLM will be required to compensate the concerned investor.

The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/P/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.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI.

Further, pursuant to SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, all individual investors applying in public issues where the application amount is up to ₹500,000 shall use UPI and shall also provide their UPI ID in the Bid cum Application Form submitted with any of the entities mentioned herein below:

(i) a syndicate member;

(ii) a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity);

(iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for this activity);

(iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for this activity).

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the relevant Bidding Centres, and at our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/ Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process. The UPI Bidders can additionally Bid through the UPI Mechanism.

ASBA Bidders (i.e., those not using the UPI Mechanism) must provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected. The ASBA Bidders shall ensure that they have sufficient balance in their bank accounts to be blocked through ASBA for their respective Bid as the application made by a Bidder shall only be processed after the Bid amount is blocked in the ASBA account of the Bidder pursuant to SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.

All ASBA Bidders are required to provide either, (i) bank account details and authorizations to block funds in the ASBA Form; or (ii) the UPI ID (in case of UPI Bidders), as applicable, in the relevant space provided in the ASBA Form and the ASBA Forms that did not contain such details will be rejected. Applications made by the UPI Bidders using third party bank account or using third party linked bank account UPI ID are liable to be rejected.

The UPI Bidders Bidding using the UPI Mechanism must provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Forms that do not contain the UPI ID are liable to be rejected. ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of Electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. UPI Bidders using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. Further, ASBA Bidders shall ensure that the Bids are submitted at the Bidding Centres only on ASBA Forms bearing the stamp of a Designated Intermediary (except in case of Electronic ASBA Forms) and ASBA Forms not bearing such specified stamp maybe liable for rejection. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank(s), as applicable at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/ unblocked.

Since the Offer is made under Phase III (on a mandatory basis), ASBA Bidders may submit the ASBA Form in the manner below:

(i) RIBs (other than the RIBs using UPI Mechanism) may submit their ASBA Forms with SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

(ii) UPI Bidders using the UPI Mechanism, may submit their ASBA Forms with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

(iii) QIBs and NIBs not using the UPI Mechanism may submit their ASBA Forms with SCSBs, Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs.

(iv) ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB or the Sponsor Bank(s), as applicable, at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked / unblocked.

For all IPOs opening on or after September 1, 2022, as specified in SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, all the ASBA applications in public issues shall be processed only after the application monies are blocked in the investor's bank accounts. Stock Exchanges shall accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked. The circular is applicable for all categories of investors viz. Retail, QIB and NIB and also for all modes through which the applications are processed.

UPI Bidders bidding through UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form.

Anchor Investors are not permitted to participate in the Offer through the ASBA process. For Anchor Investors, the Anchor Investor Application Form is available with the BRLMs.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including QIBs, Non-institutional Investors and Retail Individual Investors, each resident in India and Eligible NRIs applying on a non-repatriation basis	[●]
Non-Residents including Eligible NRIs, their sub-accounts (other than sub-accounts which are foreign corporates or foreign individuals under the QIB Portion), FPIs or FVCIs registered multilateral and bilateral development financial institutions applying on a repatriation basis	[●]
Anchor Investors	[●]

* *Excluding electronic Bid cum Application Form.*

** *Bid cum Application Forms for Anchor Investors will be made available at the office of the BRLMs.*

Electronic Bid cum Application forms will also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com).

The Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Form to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any escrow bank. Further, SCSBs shall upload the relevant Bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded up to 5.00 p.m. on Bid/ Offer Closing Date.

In case of ASBA Forms, the relevant Designated Intermediaries shall upload the relevant Bid details in the electronic bidding system of the Stock Exchanges. Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms (except Bid cum Application Forms submitted by UPI Bidders Bidding using the UPI Mechanism) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank(s). For UPI Bidders using the UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank(s) on a continuous basis through API integration to enable the Sponsor Bank(s) to initiate a UPI Mandate Request to such Retail

Individual Bidders for blocking of funds. The Sponsor Bank(s) shall initiate request for blocking of funds through NPCI to UPI Bidders, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall 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 shall be with the concerned entity (i.e., the Sponsor Bank(s), NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Bank(s) and the issuer bank. The Sponsor Bank(s) and the Bankers to the Offer shall provide the audit trail to the BRLMs for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR /2022/75 dated May 30, 2022.

The Sponsor Bank(s) will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank(s) will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank(s) and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three-way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Bank(s) on a continuous basis.

For all pending UPI Mandate Requests, the Sponsor Bank(s) shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 05:00 p.m. on the Bid/Offer Closing Date ("**Cut-Off Time**"). Accordingly, UPI Bidders Bidding using through the UPI Mechanism should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse.

Pursuant to NSE circular dated August 3, 2022 with reference no. 25/2022, the following is applicable to all initial public offers opening on or after September 1, 2022:

a) Cut-off time for acceptance of UPI mandate shall be up to 5:00 p.m. on the initial public offer closure date and existing process of UPI bid entry by syndicate members, registrars to the offer and Depository Participants shall continue till further notice;

b) There shall be no T+1 mismatch modification session for PAN-DP mismatch and bank/ location code on T+1 day for already uploaded bids. The dedicated window provided for mismatch modification on T+1 day shall be discontinued;

c) Bid entry and modification/ cancellation (if any) shall be allowed in parallel to the regular bidding period up to 4.00 p.m. 4:00 p.m. for QIBs and Non-Institutional Bidders categories and up to 5.00 p.m. for Retail Individual and Eligible Shareholders Bidders categories on the initial public offer closure day;

d) QIBs and Non-Institutional Bidders can neither revise their bids downwards nor cancel/withdraw their bids;

e) The Stock Exchanges shall display Offer demand details on its website and for UPI bids the demand shall include/consider UPI bids only with latest status as RC 100–black request accepted by Investor/ client, based on responses/status received from the Sponsor Bank(s).

The Equity Shares of face value of ₹5 each 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.

Electronic registration of Bids

a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Offer.

b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 5:00 pm IST on the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

Participation by Promoter, Promoter Group, the BRLMs and the Syndicate Members and persons related to Promoter/Promoter Group/the Book Running Lead Managers

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares of face value of ₹5 each in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares of face value of ₹5 each in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis or in any other manner as introduced under applicable laws and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except as stated below, neither the BRLMs nor any associate of the BRLMs can apply in the Offer under the Anchor Investor Portion:

(i) mutual funds sponsored by entities which are associate of the BRLMs;

(ii) insurance companies promoted by entities which are associate of the BRLMs;

(iii) AIFs sponsored by the entities which are associate of the BRLMs; or

(iv) FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the BRLMs; or

(v) Pension funds sponsored by entities which are associate of the BRLMs.

Further, the Promoter and members of the Promoter Group shall not participate by applying for Equity Shares of face value of ₹5 each in the Offer. Further, persons related to the Promoter and Promoter Group shall not apply in the Offer under the Anchor Investor Portion. However, a qualified institutional buyer who has any of the following rights in relation to our Company shall be deemed to be a person related to the Promoter or Promoter Group of our Company:

(i) rights under a shareholders' agreement or voting agreement entered into with the Promoter or Promoter Group of our Company;

(ii) veto rights; or

(iii) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an "associate of the BRLM" if:

(i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or

(ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or

there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLMs.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which such Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its NAV in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds, exchange traded funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour). Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment.

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders

Bidding on a repatriation basis by using the Non-Resident Forms should authorise their respective SCSB (if they are Bidding directly through the SCSB) or confirm or accept the UPI Mandate Request (in case of UPI Bidders) to block their NRE accounts, or Foreign Currency Non-Resident accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSBs (if they are Bidding directly through SCSB) or confirm or accept the UPI Mandate Request (in case of UPI Bidders) to block their NRO accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. Eligible NRIs applying on a non-repatriation basis in the Offer through the UPI Mechanism are advised to enquire with their relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Participation of Eligible NRIs in the Offer shall be subject to compliance with the FEMA Rules. In accordance with the FEMA NDI Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up Equity Share capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company. Our Company has, pursuant to a Board resolution dated June 13, 2024 and Shareholders' resolution dated June 20, 2024 increased the limit of investment of NRIs and OCIs from 10% to up to 24% of the paid-up equity share capital of our Company.

For details of restrictions on investment by NRIs, see "*Restrictions on Foreign Ownership of Indian Securities*" beginning on page 433.

Eligible NRIs will be permitted to apply in the Offer through Channel I or Channel II (as specified in the UPI Circulars). Further, subject to applicable law, NRIs may use Channel IV (as specified in the UPI Circulars) to apply in the Offer, provided the UPI facility is enabled for their NRE/ NRO accounts.

For further details of restrictions on investment by NRIs, see "*Restrictions on Foreign Ownership of Indian Securities*" beginning on page 433.

Participation of Eligible NRIs in the Offer shall be subject to the FEMA Rules. Only Bids accompanied by payment in Indian rupees or fully converted foreign exchange will be considered for Allotment.

Bids by Hindu Undivided Families

Bids by Hindu Undivided Families or HUFs should be made, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals.

Bids by Foreign Portfolio Investors

An FPI may purchase or sell equity shares of an Indian company which is listed or to be listed on a recognised stock exchange in India, and/or may purchase or sell securities other than equity instruments.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares of face value of ₹5 each is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly or indirectly, having common ownership of more than 50% or common control)) shall be below 10% of our post-Offer Equity Share capital on a fully diluted basis. Further, in terms of the FEMA Rules, the total holding by each FPI, of an investor group, shall be below 10% of the total paid-up equity share capital of our Company on a fully diluted basis and the aggregate limit for FPI investments shall be the sectoral caps applicable to our Company, which is 100% of the total paid-up equity share capital of our Company. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (*i.e.*, up to 100%). In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Bids by FPIs which utilize the multi-investment manager structure, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs may not be treated as multiple Bids. FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-

Residents ([●] in colour).

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

As specified in 4.1.4.2 (b)(i) and 4.1.4.2 (c)(iv) of the General Information Document, it is hereby clarified that bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the SEBI master circular bearing reference number SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022 ("**MIM Structure**"), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the name of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids are liable to be rejected. Further, in the following cases, the bids by FPIs will not be 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.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

With effect from the April 1, 2020, the aggregate limit shall be the sectoral caps applicable to the Indian company as prescribed in the FEMA Rules with respect to its paid-up equity capital on a fully diluted basis. While the aggregate limit as provided above could have been decreased by the concerned Indian companies to a lower threshold limit of 24% or 49% or 74% as deemed fit, with the approval of its board of directors and its shareholders through a resolution and a special resolution, respectively before March 31, 2020, our Company has not decreased such limit and accordingly the applicable limit with respect to our Company is 100%.

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 its behalf, is carried out subject to *inter alia* the following conditions:

(a) such offshore derivative instruments are transferred only to persons in accordance with Regulation 21(2) of the SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Participation of FPIs in the Offer shall be subject to the FEMA Rules.

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 this Draft Red Herring Prospectus read with the General Information Document, Bid Cum Application Forms are liable to be rejected in the event that the Bid in the Bid cum Application Form "*exceeds the Issue size and/or investment limit or maximum number of the Equity Shares of face value of ₹5 each 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 under power of attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, insurance finds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million and pension funds with a minimum corpus of ₹250 million, registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013 (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reasons thereof.

Our Company and the Selling Shareholders, in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

Bids by SEBI registered venture capital funds, alternative investment funds and foreign venture capital investors

The SEBI FVCI Regulations as amended, *inter alia*, prescribe the investment restrictions on VCFs, and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Accordingly, the holding in any company by any individual VCF or FVCI registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, subject to FEMA Rules, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings.

Category I AIFs and Category II AIFs cannot invest more than 25% of the investible funds in one investee company directly or through investments in the units of other AIFs. A category III AIFs 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. Pursuant to the repeal of the SEBI VCF Regulations, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. Our Company, the Selling Shareholders and the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Participation of VCFs, AIFs or FVCIs in the Offer shall be subject to the FEMA Rules.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Bids by Limited Liability Partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with the RBI, certified copies of: (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason, thereof, subject to applicable law.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended ("**Banking Regulation Act**"). and the Master Direction - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the banking company's own paid-up share capital and reserves, whichever is lower. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves.

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 banking company is required to submit a time-bound action plan for disposal of such shares within a specified period to RBI. A banking company would require a prior approval of RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in paragraph 5(a)(v)(c)(i) of the Master Direction - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

Bids by Self-Certified Syndicate Banks

SCSBs participating in the Offer are required to comply with the terms of the circulars bearing numbers CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013 dated September 13, 2012 and January 2, 2013, respectively, issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The exposure norms for insurers are prescribed under the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016, as amended ("**IRDAI Investment Regulations**"), based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates.

Insurance companies participating in the Offer are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them and shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds with minimum corpus of ₹250 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, subject to applicable law, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

Bids by systemically important non-banking financial companies

In case of Bids made by Systemically Important Non-Banking Financial Companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis, (iii) a net worth certificate from its statutory auditor, and (iv) such other approval as may be required by the Systemically Important Non-Banking Financial Companies, are required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof, subject to applicable law. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

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.

1. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.

2. The Bid must be for a minimum of such number of Equity Shares of face value of ₹5 each so that the Bid Amount exceeds ₹100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹100 million.

3. One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

4. Bidding for Anchor Investors will open one Working Day before the Bid/Offer Opening Date and will be completed on the same day.

5. Our Company and the Selling Shareholders, in consultation with the BRLMs will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will

not be less than: (a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹100 million; (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100 million but up to ₹2,500 million, subject to a minimum Allotment of ₹50 million per Anchor Investor; and (c) in case of allocation above ₹2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million, subject to minimum Allotment of ₹50 million per Anchor Investor.

6. Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares of face value of ₹5 each allocated to Anchor Investors and the price at which the allocation is made, will be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.

7. Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

8. 50% of the Equity Shares of face value of ₹5 each Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 90 days from the date of Allotment, while the remaining 50% of the Equity Shares of face value of ₹5 each Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

9. If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Offer Price.

10. The Equity Shares of face value of ₹5 each Allotted in the Anchor Investor Portion will be locked in, in accordance with the SEBI ICDR Regulations.

11. Neither the (a) BRLMs (s) or any associate of the BRLMs (other than mutual funds sponsored by entities which are associate of the BRLMs or insurance companies promoted by entities which are associate of the BRLMs or Alternate Investment Funds (AIFs) sponsored by the entities which are associates of the BRLMs, pension funds sponsored by entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies and family offices, sponsored by the entities which are associate of the BRLMs) or pension fund sponsored by entities which are associate of the BRLMs nor (b) the Promoter, Promoter Group or any person related to the Promoter or members of the Promoter Group shall apply under the Anchor Investors category.

12. Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

For more information, please read the General Information Document.

The information set out above is given for the benefit of the Bidders. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulations, or as specified in this Draft Red Herring Prospectus or as will be specified in the Red Herring Prospectus and the Prospectus. The Selling Shareholders shall not be liable for any amendments or modifications or changes to applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus.

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 of face value of ₹5 each shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholders and/or the 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 this Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares of face value of ₹5 each will be listed or will continue to be listed on the Stock Exchanges.

General Instructions

Please note that QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares of face value of ₹5 each or the Bid Amount) at any stage. RIBs and can revise their Bid(s) during the Bid/Offer Period and withdraw or lower the size of their Bid(s) until Bid/Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bid/Offer Period.

***Do's*:**

1. Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification dated February 13, 2020 issued by the Central Board of Direct Taxes and the press release dated June 25, 2021, September 17, 2021, March 30, 2022 and March 28, 2023;

2. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

3. Ensure that you have Bid within the Price Band;

4. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

5. Ensure that you (other than the Anchor Investors) have mentioned the correct details of ASBA Account (i.e. bank account number or UPI ID, as applicable) in the Bid cum Application Form if you are not an UPI Bidder bidding using the UPI Mechanism in the Bid cum Application Form and if you are an UPI Bidder using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;

6. UPI Bidders 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;

7. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the relevant Bidding Centre (except in case of electronic Bids) within the prescribed time. Bidders (other than Anchor Investors) shall submit the Bid cum Application Form in the manner set out in the General Information Document;

8. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs;

9. UPI Bidders Bidding in the Offer shall ensure that they use only their own ASBA Account or only their own bank account linked UPI ID to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party.

10. RIBs not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and/or the designated branches of SCSBs.

11. Ensure that you mandatorily have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to the relevant Designated Intermediaries;

12. If the First Bidder is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have an account with an SCSB and have mentioned the correct bank account number in the Bid cum Application Form (for all ASBA Bidders other than UPI Bidders);

13. Ensure that the signature of the first Bidder in case of joint Bids, is included in the Bid cum Application Forms;

14. Ensure that you request for and receive a stamped acknowledgement counterfoil or acknowledgment specifying the application number as a proof of having accepted Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

15. The ASBA bidders shall ensure that bids above ₹0.50 million, are uploaded only by the SCSBs;

16. 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;

17. UPI Bidders Bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

18. Bidders not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and/or the designated branches of SCSBs or the relevant Designated Intermediary, as applicable;

19. UPI Bidders in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID which is UPI 2.0 certified by NPCI to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

20. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

21. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Banks, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of UPI Bidders submitting their Bids and participating in the Offer, ensure that you authorise the UPI Mandate Request, including in case of any revision of Bids, raised by the Sponsor Banks for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

22. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular no. MRD/Dop/Cir-20/2008 dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular no. MRD/DoP/SE/Cir- 8 /2006 dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficial 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;

23. Ensure that the Demographic Details are updated, true and correct in all respects;

24. 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;

25. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;

26. 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, if applicable, are submitted;

27. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

28. UPI Bidders who wish to Bid should submit Bid with the Designated Intermediaries, pursuant to which the UPI Bidder should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank(s) to authorise blocking of funds equivalent to the revised Bid Amount in the UPI Bidder's ASBA Account;

29. Since the Allotment will be in demat form only, ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;

30. UPI Bidders who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Banks to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;

31. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Banks prior to 12:00 p.m. IST of the Working Day immediately after the Bid/ Offer Closing Date;

32. Anchor Investors should submit the Anchor Investor Application Forms to the BRLMs;

33. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;

34. Bids by Eligible NRIs for a Bid Amount of less than ₹0.20 million would be considered under the retail category for the purposes of allocation and Bids for a Bid Amount exceeding ₹0.20 million would be considered under the non-institutional category for allocation in the Offer;

35. UPI Bidders shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorisation of the mandate using his/her UPI PIN, an UPI Bidder may be deemed to have verified the attachment containing the application details of the UPI Bidder in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorised the Sponsor Banks to block the Bid Amount mentioned in the Bid Cum Application Form; and

36. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and UPI Bidders) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in).

37. Bidders (except UPI Bidders) should instruct their respective banks to release the funds blocked in the ASBA account under the ASBA process. In case of RIBs, once the Sponsor Bank(s) issues the Mandate Request, the RIBs would be required to proceed to authorize the blocking of funds by confirming or accepting the UPI Mandate Request to authorize the blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner.

38. UPI Bidders who have revised their Bids subsequent to making the initial Bid should also approve the revised UPI Mandate Request generated by the Sponsor Bank(s) to authorize blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of Allotment in a timely manner.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid Lot;

2. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be after you have submitted a Bid to a Designated Intermediary;

3. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

4. Do not submit the ASBA Forms to any non-SCSB bank or to our Company or at a location other than the Bidding Centres;

5. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms;

6. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

7. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

8. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

9. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

10. Do not submit the Bid for an amount more than funds available in your ASBA account;

11. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;

12. In case of ASBA Bidders, do not submit more than one ASBA Form from an ASBA Account;

13. 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;

14. If you are an UPI Bidder, do not submit more than one Bid cum Application Form for each UPI ID;

15. Anchor Investors should not Bid through the ASBA process;

16. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA

Forms or to our Company;

17. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

18. Do not submit the General Index Register (GIR) number instead of the PAN;

19. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

20. Do not submit a Bid in case you are not eligible to acquire Equity Shares of face value of ₹5 each under applicable law or your relevant constitutional documents or otherwise;

21. 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);

22. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

23. Do not submit a Bid using UPI ID, if you are not a UPI Bidder;

24. Do not Bid on another Bid cum Application Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

25. Do not Bid for Equity Shares of face value of ₹5 each more than what is specified for each category;

26. If you are a QIB, do not submit your Bid after 3 p.m. IST on the QIB Bid/Offer Closing Date;

27. Do not fill up the Bid cum Application Form such that the number of Equity Shares of face value of ₹5 each Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares of face value of ₹5 each that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

28. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares of face value of ₹5 each or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. RIBs can revise or withdraw their Bids on or before the Bid/ Offer Closing Date;

29. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres. If you are UPI Bidder, do not submit the ASBA Form directly with SCSBs;

30. If you are an UPI Bidder which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;

31. Do not Bid if you are an OCB;

32. UPI Bidders using the incorrect UPI handle or using a bank account of an SCSB and/ or mobile applications which is not mentioned in the list provided on the SEBI website is liable to be rejected;

33. Do not submit the Bid cum Application Forms to any non-SCSB bank;

34. Do not submit a Bid cum Application Form with third party ASBA Bank Account or UPI ID (in case of Bids submitted by UPI Bidder);

35. Do not Bid for a Bid Amount exceeding ₹0.20 million (for Bids by Retail Individual Bidders);

36. 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; and

37. In case of ASBA Bidders (other than 3 in 1 Bids) Syndicate Members shall ensure that they do not upload any bids above ₹0.50 million.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Grounds for technical rejection

In addition to the grounds for rejection of Bids on technical grounds as provided in the GID, Bidders are requested to note that Bids may be rejected on the following additional technical grounds:

(a) Bids submitted without instruction to the SCSBs to block the entire Bid Amount;

(b) Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;

(c) Bids submitted on a plain paper;

(d) Bids submitted by UPI Bidders using the UPI Mechanism through an SCSBs and/or using a mobile application or UPI handle, not listed on the website of SEBI;

(e) Bids under the UPI Mechanism submitted by UPI Bidders using third-party bank accounts or using a third-party linked bank account UPI ID (subject to availability of information regarding third-party account from Sponsor Bank(s));

(f) Anchor Investors should submit Anchor Investor Application Form only to the BRLMs;

(g) Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediary;

(h) ASBA Form by the UPI Bidders using third party bank accounts or using third party linked bank account UPI IDs;

(i) ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;

(j) Bids submitted without the signature of the First Bidder or sole Bidder;

(k) The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;

(l) Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular CIR/MRD/DP/ 22 /2010 dated July 29, 2010;

(m) GIR number furnished instead of PAN;

(n) Bids by RIBs with Bid Amount of a value of more than ₹200,000;

(o) Bids by persons who are not eligible to acquire Equity Shares of face value of ₹5 each in terms of all applicable laws, rules, regulations, guidelines and approvals;

(p) Bids accompanied by stock invest, money order, postal order, or cash; and

(q) Bids uploaded by QIBs and by Non-Institutional Bidders after 4:00 p.m. on the Bid/ Offer Closing and Bids by RIBs, on the Bid/ Offer Closing Date, unless extended by the Stock Exchange. On the Bid/Offer Closing Date, extension of time may be granted by the Stock Exchanges only for uploading Bids received from Retail Individual Investors, after taking into account the total number of Bids received up to closure of timings for acceptance of Bid-cum-Application Forms as stated herein and as informed to the Stock Exchanges.

Further, in case of any pre-Offer or post -Offer related issues regarding share certificates/ demat credit/refund orders/unblocking etc., investors shall reach out to our Company Secretary and Compliance Officer. For further details of our Company Secretary and Compliance Officer, see "*General Information*" and "*Our Management*" beginning on pages 67 and 212, respectively.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/ Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount for the entire duration of delay exceeding two Working Days from the Bid/ Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

The BRLMs shall be the nodal entity for any issues arising out of public issuance process. In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in SEBI RTA Master Circular shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and the BRLMs shall continue to coordinate with intermediaries involved in the said process.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

Names of entities responsible for finalising the Basis of Allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, and our Company 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 of face value of ₹5 each offered through the Offer through the Red Herring Prospectus and the Prospectus except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the Offer to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares of face value of ₹5 each to applicants other than to the RIBs, Non-Institutional Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed. The Allotment of Equity Shares of face value of ₹5 each to Anchor Investors shall be on a discretionary basis.

Subject to the availability of Equity Shares of face value of ₹5 each in the respective categories, the allotment of Equity Shares of face value of ₹5 each to each of the RIBs and NIBs shall not be less than the minimum bid lot or the minimum application size, as the case maybe, and the remaining available Equity Shares of face value of ₹5 each, if any, shall be allotted on a proportionate basis.

The allocation of Equity Shares of face value of ₹5 each to each Non-Institutional Bidder shall not be less than the minimum application size, subject to the availability of Equity Shares of face value of ₹5 each in the Non-Institutional Portion, and the remaining Equity Shares of face value of ₹5 each, if any, shall be allocated on a proportionate in accordance with the conditions specified in this regard mentioned in SEBI ICDR Regulations.

Payment into Anchor Investor Escrow Accounts

Our Company and the Selling Shareholders, in consultation with the BRLMs will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which, the details of the Equity Shares of face value of ₹5 each allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Anchor Investor Escrow Account should be drawn in favour of:

(a) In case of resident Anchor Investors: "[●]"

(b) In case of Non-Resident Anchor Investors: "[●]"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Escrow Banks and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed under the SEBI ICDR Regulations, in [●] editions of English national daily newspaper, [●], [●] editions of Hindi national daily newspaper, [●] and [●] editions of the Marathi 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, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Allotment advertisement

The Allotment Advertisement shall be uploaded on the websites of our Company, BRLMs and Registrar to the Offer, before 9 p.m. IST, on the date of receipt of the final listing and trading approval from all the Stock Exchanges where the equity shares of the Issuer are proposed to be listed, provided such final listing and trading approval from all the Stock Exchanges is received prior to 9:00 p.m. IST on that day. In an event, if final listing and trading approval from all the Stock Exchanges is received post 9:00 p.m. IST on the date of receipt of the final listing and trading approval from all the Stock Exchanges where the equity shares of the Issuer are proposed to be listed, then the Allotment Advertisement shall be uploaded on the websites of our Company, BRLMs and Registrar to the Offer, following the receipt of final listing and trading approval from all the Stock Exchanges.

Our Company, the BRLMs and the Registrar shall publish an allotment advertisement not later than one day after the date of commencement of trading, disclosing the date of commencement of trading in [●] editions of English national daily newspaper, [●], [●] editions of Hindi national daily newspaper, [●] and [●] editions of the Marathi daily newspaper [●] (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located) each with wide circulation.

The information set out above is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares of face value of ₹5 each Bid for do not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and Filing with the RoC

(a) Our Company, each of the Selling Shareholders and the Underwriters intend to enter into an Underwriting Agreement after the finalisation of the Offer Price, prior to filing of the Prospectus.

(b) After signing the Underwriting Agreement, a Prospectus will be filed with the RoC in accordance with applicable law. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, the Offer size, and underwriting arrangements and will be complete in all material respects.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 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, for fraud involving an amount of at least ₹1.00 million or 1% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹1.00 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5.00 million or with both.

Undertakings by our Company

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders;
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares of face value of ₹5 each are proposed to be listed are taken within three Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed;
- if Allotment is not made within two Working Days from the Bid/Offer Closing Date or such other prescribed timelines under applicable laws, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable laws. If there is a delay beyond such prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and other applicable laws for the delayed period;
- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the unsuccessful applicant within time prescribed under applicable laws, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- the Promoter's contribution, if any, shall be brought in advance before the Bid/ Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees, in accordance with the applicable provisions of the SEBI ICDR Regulations;
- that if our Company does not proceed with the Offer after the Bid/ Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/ Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges shall be informed promptly;
- that if the Offer is withdrawn after the Bid/ Offer Closing Date, our Company shall be required to file a fresh offer document with SEBI, in the event a decision is taken to proceed with the Offer subsequently; and
- that our Company shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares of face value of ₹5 each from all the Stock Exchanges where listing is sought has been received; and

- except for any exercise of options vested pursuant to the ESOP Scheme(s), no further issue of the Equity Shares of face value of ₹5 each shall be made till the Equity Shares of face value of ₹5 each offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the relevant ASBA Accounts on account of non-listing, under-subscription, etc.

Undertakings by the Selling Shareholders

Each of the Selling Shareholders, severally and not jointly, undertakes, in relation to itself as a Selling Shareholder and its respective portion of the Offered Shares that:

- it is the legal and beneficial owner of its Offered Shares, and that such Offered Shares shall be transferred in the Offer, free from encumbrances;

- it shall transfer its Offered Shares to an escrow account in accordance with the Share Escrow Agreement; and

- it shall not have recourse to its respective portion of proceeds of the Offer for Sale until final approval for trading of the Equity Shares of face value of ₹5 each from the Stock Exchanges has been received.

Only the statements and undertakings provided above, in relation to each of the Selling Shareholders and its respective portion of the Offered Shares, are statements which are specifically confirmed or undertaken, severally and not jointly, by each of the Selling Shareholders in relation to itself and its respective portion of the Offered Shares. No other statement in this Draft Red Herring Prospectus will be deemed to be "made or confirmed" by a Selling Shareholder, even if such statement relates to such Selling Shareholder.

Utilisation of Net Proceeds

The Company declares that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act;

- details of all monies utilized out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Gross Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and

- details of all unutilized monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

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. Foreign investment is permitted (except in the prohibited sectors) in Indian companies, either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. The Government of India makes policy announcements on FDI through press notes and press releases. The regulatory framework, over a period of time, thus, consists of acts, regulations, press notes, press releases, and clarifications among other amendments. The DPIIT (formerly Department of Industrial Policy & Promotion) issued the Consolidated FDI Policy Circular dated October 15, 2020, with effect from October 15, 2020 (the "**FDI Policy**"), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020.

In terms of Press Note 3 of 2020, dated April 17, 2020 ("**Press Note**"), issued by the DPIIT, the FDI Policy and the FEMA Rules has been amended to state that all investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India. Further, in accordance with the amendment to the Companies (Share Capital and Debentures) Rules, 2014 vide notification dated May 4, 2022 issued by Ministry of Corporate Affairs, a declaration shall be inserted in the share transfer form stipulating whether government approval shall be required to be obtained under FEMA (Non-debt Instruments) Rules prior to transfer of shares, as applicable. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof within the Bid/ Offer Period.

As per the FEMA Non-debt Instruments Rules and FDI Policy read with Press Note, 100% foreign direct investment is permitted under the automatic route in entities undertaking financial services activities regulated by financial sector regulators including the RBI, however, investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

For details of the aggregate limit for investments by NRIs and FPIs in our Company, see "*Offer Procedure – Bids by Eligible NRIs*" and "*Offer Procedure – Bids by Foreign Portfolio Investors*" on pages 419 and 420.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

The Equity Shares of face value of ₹5 each have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Equity Shares of face value of ₹5 each are being offered and sold (i) within the United States solely to persons who are reasonably believed to be U.S. QIBs pursuant to Section 4(a) of the U.S. Securities Act, and (ii) outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders, and the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares of face value of ₹5 each Bid for does not exceed the applicable limits under laws or regulations.

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below.

*The Articles of Association of our Company include two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other until the date of the listing of the equity shares of the Company ("**Equity Shares**") in connection with the initial public offering (the "**IPO**") on the recognized stock exchange(s) in India (such date being the "**Event**").*

In case of any inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall prevail and be applicable until the Event. All articles of Part B shall automatically terminate and cease to have any force and effect from the Event and the provisions of Part A shall continue to be in effect and be in force, without any further corporate or other action, by our Company or by its shareholders.

Except as disclosed in this section, no material clause of Part A of the AoA have been left out having bearing on the IPO and the disclosure.

PART A

DEFINITIONS AND INTERPRETATION

In the interpretation of these Articles, the following words and expressions, unless repugnant to the subject or context, shall mean the following:

"***Act***" or "***the said Act***" means the Companies Act, 2013 and the rules enacted and any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable;

"***Annual General Meeting***" means the annual general meeting of the Company convened and held in accordance with the Act;

"***Articles of Association***" **or** "***Articles***" mean these articles of association of the Company, as may be altered from time to time in accordance with the Act;

"***Board***" or "***Board of Directors***" means the board of directors of the Company in office at applicable times;

"***Company***" means Avanse Financial Services Limited, a company incorporated under the laws of India;

"***Depository***" means a depository, as defined in clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996 and a company formed and registered under the Companies Act, 2013 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992;

"***Director(s)***" shall mean any director of the Company, including alternate directors, Independent Directors and nominee directors appointed in accordance with the provisions of these Articles;

*"**Equity Shares**"* or "***Shares***" shall mean the issued, subscribed and fully paid-up equity shares of the Company having a face value of such amount as prescribed under the Memorandum of Association;

"***Extraordinary General Meeting***" means an extraordinary general meeting of the Company convened and held in accordance with the Act;

"***General Meeting***" means any duly convened meeting of the shareholders of the Company and any adjournments thereof;

"***Member***" means the duly registered holder from time to time, of the Shares of the Company and includes the subscribers to the Memorandum of Association and in case of Shares held by a Depository, the beneficial owners whose names are recorded as such with the Depository;

"***Memorandum***" or "***Memorandum of Association***" means the memorandum of association of the Company, as may be altered from time to time;

"***Office***" means the registered office, for the time being, of the Company;

"***Officer***" shall have the meaning assigned thereto by the Act;

"***Ordinary Resolution***" as defined under section 114 of the Companies Act, 2013, means a resolution in respect of which the notice required under the Act has been duly given of the General Meeting at which such resolution is to be proposed and the votes cast (whether on a show of hands, or electronically or on a poll, as the case may be), in favour of the resolution (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 or by postal ballot, exceed the votes, if any, cast against the resolution by Members so entitled and voting;

“***Register***” or “***Register of Members***” means the register of Members to be maintained pursuant to section 88 of the Act and the register of beneficial owners pursuant to Section 11 of the Depositories Act, 1996, in case of Shares held in a Depository;

“***Special Resolution***” shall have the meaning assigned thereto by the Act;

“***Stock Exchange***” means National Stock Exchange of India Limited, BSE Limited or such other recognized stock exchange in India or outside of India; and

Except where the context requires otherwise, these Articles will be interpreted as follows:

(a) headings are for convenience only and shall not affect the construction or interpretation of any provision of these Articles.

(b) where a word or phrase is defined, other parts of speech and grammatical forms and the cognate variations of that word or phrase shall have corresponding meanings;

(c) words importing the singular shall include the plural and vice versa;

(d) all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders;

(e) the expressions “hereof”, “herein” and similar expressions shall be construed as references to these Articles as a whole and not limited to the particular Article in which the relevant expression appears;

(f) the ejusdem generis (of the same kind) rule will not apply to the interpretation of these Articles. Accordingly, include and including will be read without limitation;

(g) any reference to a person includes any individual, firm, corporation, partnership, company, trust, association, joint venture, government (or agency or political subdivision thereof) or other entity of any kind, whether or not having separate legal personality. A reference to any person in these Articles shall, where the context permits, include such person’s executors, administrators, heirs, legal representatives and permitted successors and assigns;

(h) a reference to any document (including these Articles) is to that document as amended, consolidated, supplemented, novated or replaced from time to time;

(i) references made to any provision of the Act or the Rules shall be construed as meaning and including the references to the rules and regulations made in relation to the same by the Ministry of Corporate Affairs, Government of India.

(j) the applicable provisions of the Companies Act, 1956 shall cease to have effect from the date on which the corresponding provisions under the Companies Act, 2013 have been notified.

(k) a reference to a statute or statutory provision includes, to the extent applicable at any relevant time:

(l) that statute or statutory provision as from time to time consolidated, modified, re-enacted or replaced by any other statute or statutory provision; and

(m) any subordinate legislation or regulation made under the relevant statute or statutory provision;

(n) references to writing include any mode of reproducing words in a legible and non- transitory form;

(o) references to Rupees, Rs., Re., INR, ₹ are references to the lawful currency of India; and

(p) save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context bear the same meaning in these Articles.

SHARE CAPITAL AND VARIATION OF RIGHTS

1. AUTHORISED SHARE CAPITAL

The authorised share capital of the Company shall be such amount, divided into such class(es), denomination(s) and number of Shares in the Company as may from time to time be provided in Clause V(a) of the Memorandum of Association, with power to increase or reduce such capital from time to time and power to divide share capital into other classes and to attach thereto respectively such preferential, convertible, deferred, qualified, or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with these Articles, subject to the provisions of applicable law for the time being in force.

2. NEW CAPITAL PART OF THE EXISTING CAPITAL

Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

3. KINDS OF SHARE CAPITAL

The Company may issue the following kinds of Shares in accordance with these Articles, the Act and other applicable laws:

(a) Equity share capital:

(i) with voting rights; and/or

(ii) with differential rights as to dividend, voting or otherwise in accordance with the Act; and

(b) Preference share capital.

4. SHARES AT THE DISPOSAL OF THE BOARD OF DIRECTORS

Subject to the provisions of section 62 of the Act and these Articles, the Shares in the capital of the Company shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of all or any of such Shares to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of Section 53 of the Act) and at such time as they may from time to time think fit and, with the sanction of the Company in General Meeting, give to any person the option or right to call for any Shares either at par or premium during such time and for such consideration as the Board of Directors think 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 option or right to call of Shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

5. CONSIDERATION FOR ALLOTMENT

The Board of Directors may issue and allot Shares of the Company as payment in full or in part, for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in the acquisition and/or in the conduct of its business; and any Shares which may be so allotted may be issued as fully paid up Shares and if so issued shall be deemed as fully paid up Shares.

6. SUB-DIVISION, CONSOLIDATION AND CANCELLATION OF SHARE CERTIFICATE

Subject to the provisions of the Act, the Company in its General Meetings may, by an Ordinary Resolution, from time to time:

(a) increase the share capital by such sum, to be divided into Shares of such amount as it thinks expedient;

(b) divide, sub-divide or consolidate its Shares, or any of them, and the resolution whereby any share is sub-divided, may determine that as between the holders of the Shares resulting from such sub-division one or more of such Shares have some preference or special advantage in relation to dividend, capital or otherwise as compared with the others;

(c) cancel Shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled;

(d) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares; provided that any consolidation and division which results in changes in the voting percentage of Members shall require applicable approvals under the Act;

(e) convert all or any of its fully paid-up Shares into stock, and reconvert that stock into fully paid-up Shares of any denomination; and

(f) The cancellation of Shares under point (c) above shall not be deemed to be a reduction of the authorised share capital.

7. FURTHER ISSUE OF SHARES

(1) Where at any time the Board or the Company, as the case may be, propose to increase the subscribed capital by the issue of further Shares then such Shares shall be offered, subject to the provisions of section 62 of the Act, and the rules notified thereunder:

(A) (i) to the persons who at the date of the offer or such other date as specified under applicable law, are holders of the Equity Shares of the Company, in proportion as nearly as circumstances admit, to the paid-up share capital on those Shares by sending a letter of offer subject to the conditions mentioned in (ii) to (iv) below;

(ii) The offer aforesaid shall be made by notice specifying the number of Shares offered and limiting a time not being less than fifteen (15) days (or such lesser number of days as may be prescribed under the Act or the rules notified thereunder, or other applicable law) and not exceeding thirty (30) days from the date of the offer, within which the offer if not accepted, shall be deemed to have been declined.

Provided that the notice shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three (3) days before the opening of the issue;

(iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (ii) shall contain a statement of this right;

(iv) After the expiry of time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that the person declines to accept the Shares offered, the Board of Directors may dispose of them in such manner which is not disadvantageous to the Members and the Company;

(B) to employees under any scheme of employees' stock option subject to Special Resolution passed by the shareholders of the Company and subject to the rules and such other conditions, as may be prescribed under applicable law; or

(C) to any person(s), if it is authorised by a Special Resolution, whether or not those persons include the persons referred to in clause (A) or clause (B) above either for cash or for a consideration other than cash, if the price of such Shares is determined in accordance with applicable law. Further, 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;

(2) Nothing in sub-clause (iii) of clause (1)(A) shall be deemed:

(i) To extend the time within which the offer should be accepted; or

(ii) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the Shares compromised in the renunciation.

(3) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loans raised by the Company (i) to convert such debentures or loans into Shares in the Company or (ii) to subscribe for Shares of the Company (whether such option is conferred in these Articles or otherwise). Provided that the terms of issue of such debentures or the raising of the loans or is in conformity with the rules made, if any, by the Government in this behalf; and (ii) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the loans.

(4) Notwithstanding anything contained in Article 7(3) hereof, where any debentures have been issued, or loan has been obtained from any government by the Company, and if that government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into Shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion In determining the terms and conditions of conversion, the Government shall have due regard to the financial position of the company, the terms of issue of debentures or loans, as the case may be, the rate of interest payable on such debentures or loans and such other matters as it may consider necessary:

Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to National Company Law Tribunal which shall after hearing the Company and the Government pass such order as it deems fit.

A further issue of Shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the rules notified thereunder.

8. RIGHT TO CONVERT LOANS INTO CAPITAL

Notwithstanding anything contained in sub-clauses(s) of Article 7 above, but subject, however, to the provisions of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures or loans raised by the Company to convert such debentures or loans into Shares or to subscribe for Shares in the Company.

9. ISSUE OF FURTHER SHARES NOT TO AFFECT RIGHTS OF EXISTING MEMBERS

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.

10. ALLOTMENT ON APPLICATION TO BE ACCEPTANCE OF SHARES

Any application signed by or on behalf of an applicant for Shares in the Company followed by an allotment of any Shares therein, shall be an acceptance of Shares within the meaning of these Articles, and every person who thus or otherwise accepts any Shares and whose name is on the Register of Members, shall, for the purpose of these Articles, be a Member.

11. RETURN ON ALLOTMENTS TO BE MADE OR RESTRICTIONS ON ALLOTMENT

The Board shall observe the restrictions as regards allotment of Shares to the public contained in the Act and other applicable law, and as regards return on allotments, the Board of Directors shall comply with applicable provisions of the Act.

12. MONEY DUE ON SHARES TO BE A DEBT TO THE COMPANY

The money (if any) which the Board shall, on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any Shares allotted by them, shall immediately on the inscription of the name of allottee in the Register as the name of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

13. INSTALLMENTS ON SHARES

If, by the conditions of allotment of any Shares, whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

14. MEMBERS OR HEIRS TO PAY UNPAID AMOUNTS

Every Member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or Shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall from time to time, in accordance with these Articles require or fix for the payment thereof.

15. VARIATION OF SHAREHOLDERS' RIGHTS

(a) If at any time the share capital of the Company is divided into different classes of Shares, the rights attached to the Shares of any class (unless otherwise provided by the terms of issue of the Shares of that class) may, subject to provisions of the Act and whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than three-fourth of the issued Shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued Shares of that class, as prescribed by the Act.

(b) Subject to the provisions of the Act, to every such separate meeting, the provisions of these Articles relating to meeting shall mutatis mutandis apply.

16. PREFERENCE SHARES

(a) Redeemable Preference Shares

The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have the power to issue on a cumulative or non-cumulative basis, preference Shares liable to be redeemed in any manner permissible under the Act, and the Board of Directors may, subject to the applicable provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption of such Shares on such terms including the right to redeem at a premium or otherwise as they deem fit.

(b) Convertible Redeemable Preference Shares

The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have power to issue on a cumulative or non-cumulative basis convertible redeemable preference Shares liable to be redeemed in any manner permissible under the Act and the Board of Directors may, subject to the applicable provisions of the Act, exercise such power as they deem fit and provide for redemption at a premium or otherwise and/or conversion of such Shares into such securities on such terms as they may deem fit.

17. PAYMENTS OF INTEREST OUT OF CAPITAL

The Company shall have the power to pay interest out of its capital on so much of the Shares which have been issued for the purpose of raising money to defray the expenses of the construction of any work or building for the Company in accordance with the Act and other applicable law.

18. AMALGAMATION

Subject to provisions of these Articles, the Company may amalgamate or cause itself to be amalgamated with any other person, firm or body corporate subject to the provisions of the Act and other applicable law.

SHARE CERTIFICATES

19. ISSUE OF CERTIFICATE

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 Board of Directors so approve (upon paying such fee as the Board of 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, or within one (1) month of the receipt of application of registration of transfer, transmission, sub division, consolidation or renewal of any of its Shares as the case maybe or within such other period as any other legislation for time being in force may provide or within a period of six (6) months from the date of allotment in the case of any allotment of debenture or within such other period as any other legislation for time being in force may provide. In respect of any share or Shares held jointly by several persons, the Company shall not be bound to issue more than one (1) certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such joint holders.

Every certificate shall specify the Shares to which it relates and the amount paid-up thereon and shall be signed by two (2) directors or by a director and the company secretary, wherever the company has appointed a company secretary and the common seal, if any, shall be affixed in the presence of the persons required to sign the certificate.

20. RULES TO ISSUE SHARE CERTIFICATES

The Act shall be complied with in respect of the issue, reissue, renewal of share certificates and the format, sealing and signing of the certificates and records of the certificates issued shall be maintained in accordance with the Act.

21. ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED

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, 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, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued upon payment of Rupees 20 for each certificate. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Board of Directors shall comply with such rules or regulation or requirements of any stock exchange or the rules notified under the Act or the rules notified under Securities Contracts (Regulation) Act, 1956 or any other act or rules applicable in this behalf.

The provision of this Article shall *mutatis mutandis* apply to issue of certificates for any other securities including debentures of the Company.

UNDERWRITING & BROKERAGE

22. COMMISSION FOR PLACING SHARES, DEBENTURES, ETC.

(a) Subject to the provisions of Section 76 of the Act, the rules notified thereunder, and other applicable laws, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) to any Shares or debentures of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for Shares or debentures of the Company and provisions of the Act shall apply.

(b) The rate or amount of the commission shall not exceed the rate or amount prescribed in the Act.

(c) The Company may also, in any issue, pay such brokerage as may be lawful.

(d) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid-up Shares or partly in one way and partly in the other.

LIEN

23. COMPANY'S LIEN ON SHARES / DEBENTURES

The Company shall subject to applicable law have a first and paramount lien on every share / debenture (not being a fully paid-up share / debenture) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that share / debenture and no equitable interest in any share shall be created upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/debentures. Unless otherwise agreed, the registration of transfer of Shares / debentures shall operate as a waiver of the Company's lien, if any, on such Shares / debentures.

Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.

The fully paid-up Shares shall be free from all lien and in the case of partly paid-up Shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such Shares.

24. LIEN TO EXTEND TO DIVIDENDS, ETC.

The Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such Shares / debentures.

25. ENFORCING LIEN BY SALE

The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has a lien:

Provided that no sale shall be made—

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen (14) days' after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.

No Member shall exercise any voting right in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

26. VALIDITY OF SALE

To give effect to any such sale, the Board may authorise some person to transfer the Shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the Shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.

27. VALIDITY OF COMPANY'S RECEIPT

The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case maybe) constitute a good title to the share and the purchaser shall be registered as the holder of the share.

28. APPLICATION OF SALE PROCEEDS

The proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the person entitled to the Shares at the date of the sale.

29. OUTSIDER'S LIEN NOT TO AFFECT COMPANY'S LIEN

In exercising its lien, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by law) be bound to recognise any equitable or other claim to, or interest in, such share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim.

30. PROVISIONS AS TO LIEN TO APPLY MUTATIS MUTANDIS TO DEBENTURES, ETC.

The provisions of these Articles relating to lien shall *mutatis mutandis* apply to any other securities, including debentures, of the Company.

CALLS ON SHARES

31. BOARD TO HAVE RIGHT TO MAKE CALLS ON SHARES

The Board may subject to the provisions of the Act and any other applicable law, from time to time, make such call as it thinks fit upon the Members in respect of all moneys unpaid on the Shares (whether on account of the nominal value of the Shares or by premium) and not by the conditions of allotment thereof made payable at fixed times. Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one (1) month from the date fixed for the payment of the last preceding call. A call may be revoked or postponed at the discretion of the Board. The power to call on Shares shall not be delegated to any other person except with the approval of the shareholders in a General Meeting and as maybe permitted by law.

32. NOTICE FOR CALL

Each Member shall, subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Shares.

The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call, in respect of one (1) or more Members, as the Board may deem appropriate in any circumstances.

33. CALL WHEN MADE

The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made, not being earlier than the date of resolution making such call, and thereupon the call shall be deemed to have been made on the date so determined and if no such date is so determined a call shall be deemed to have been made at the date when the resolution authorizing such call was passed at the meeting of the Board and may be required to be paid in installments.

34. LIABILITY OF JOINT HOLDERS FOR A CALL

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

35. CALLS TO CARRY INTEREST

If a Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member. The Board shall be at liberty to waive payment of any such interest wholly or in part.

36. DUES DEEMED TO BE CALLS

Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these 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.

37. EFFECT OF NON-PAYMENT OF SUMS

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.

38. PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST

The Board –

(a) may, subject to provisions of the Act, if it thinks fit, receive from any Member willing to advance the same, all or any part of the monies uncalled and unpaid upon any Shares held by him;

(b) 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 as may be agreed upon between the Board and the Member paying the sum in advance. Nothing contained in this Article shall confer on the Member (i) any right to participate in profits or dividends; or (ii) any voting rights in respect of the moneys so paid by him, until the same would, but for such payment, become presently payable by him.

The Members shall not be entitled to any voting rights in respect of the money 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 the calls on debentures of the company.

39. PROVISIONS AS TO CALLS TO APPLY MUTATIS MUTANDIS TO DEBENTURES, ETC.

The provisions of these Articles relating to calls shall *mutatis mutandis* apply to any other securities, including debentures, of the Company, to the extent applicable.

FORFEITURE OF SHARES

40. BOARD TO HAVE A RIGHT TO FORFEIT SHARES

If a Member fails to pay the whole or any part of any call, or installment of a call or any money due in respect of any share on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or installment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment.

41. NOTICE FOR FORFEITURE OF SHARES

The notice aforesaid shall:

(a) name a further day (not being earlier than the expiry of fourteen (14) days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the Shares in respect of which the call was made shall be liable to be forfeited.

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

42. RECEIPT OF PART AMOUNT OR GRANT OF INDULGENCE NOT TO AFFECT FORFEITURE

Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any Shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member in respect of any Shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such Shares as herein provided. There shall be no forfeiture of unclaimed dividends before the claim becomes barred by applicable law.

43. FORFEITED SHARE TO BE THE PROPERTY OF THE COMPANY

Any share forfeited in accordance with these Articles, shall be deemed to be the property of the Company and may be sold, re-allocated or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board thinks fit.

44. ENTRY OF FORFEITURE IN REGISTER OF MEMBERS

When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting Member and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

45. MEMBER TO BE LIABLE EVEN AFTER FORFEITURE

A person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but shall, notwithstanding the forfeiture, remain liable to pay, and shall pay, to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the Shares. All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment or realization. The Board may, if it thinks fit, but without being under any obligation to do so, enforce the payment of the whole or any portion of the monies due, without any allowance for the value of the Shares at the time of forfeiture or waive payment in whole or in part. The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the Shares.

46. EFFECT OF FORFEITURE

The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles expressly saved.

47. CERTIFICATE OF FORFEITURE

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 persons claiming to be entitled to the share.

48. TITLE OF PURCHASER AND TRANSFEREE OF FORFEITED SHARES

The Company may receive the consideration, if any, given for the share on any sale, re- allotment or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of. The transferee shall thereupon be registered as the holder of the share and the transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share.

49. VALIDITY OF SALES

Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold and after his name has been entered in the Register of Members in respect of such Shares the validity of the sale shall not be impeached by any person.

50. CANCELLATION OF SHARE CERTIFICATE IN RESPECT OF FORFEITED SHARES

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative Shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said Shares to the person(s) entitled thereto.

51. BOARD ENTITLED TO CANCEL FORFEITURE

The Board may at any time before any share so forfeited shall have them sold, reallotted or otherwise disposed of, cancel the forfeiture thereof upon such conditions as it thinks fit.

52. SURRENDER OF SHARE CERTIFICATES

The Board may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering them on such terms as they think fit.

53. SUMS DEEMED TO BE CALLS

The provisions 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, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

54. PROVISIONS AS TO FORFEITURE OF SHARES TO APPLY MUTATIS MUTANDIS TO DEBENTURES, ETC.

The provisions of these Articles relating to forfeiture of Shares shall *mutatis mutandis* apply to any other securities, including debentures, of the Company.

TRANSFER AND TRANSMISSION OF SHARES

55. REGISTER OF TRANSFERS

The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any shares. The Company shall also use a common form of transfer.

56. GOVERNING LAW FOR TRANSFER AND TRANSMISSION

Notwithstanding anything containing in Article 60 to 70 but subject to the applicable provisions of the Act, any transfer or transmission of Shares of the Company held in dematerialized form shall be governed by the provisions of the Depositories Act, 1996 and the rules and regulations made thereunder.

57. ENDORSEMENT OF TRANSFER

In respect of any transfer of Shares registered in accordance with the provisions of these Articles, the Board may, at its discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or Officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.

58. INSTRUMENT OF TRANSFER

(a) The instrument of transfer of any share shall be in writing and all the provisions of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of Shares and registration thereof. The Company shall use the form of transfer, as prescribed under the Act, in all cases. In case of transfer of Shares, where the Company has not issued any certificates and where the Shares are held in dematerialized form, the provisions of the Depositories Act, 1996 shall apply.

(b) The Board may decline to recognize any instrument of transfer unless-

(i) the instrument of transfer is in the form prescribed under the Act;

(ii) the instrument of transfer is accompanied by the certificate of Shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(iii) the instrument of transfer is in respect of only one class of Shares.

(c) No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

59. EXECUTION OF TRANSFER INSTRUMENT

Every such instrument of transfer shall be executed, by or on behalf of both the transferor and the transferee and the transferor shall be deemed to remain holder of the Shares until the name of the transferee is entered in the Register of Members in respect thereof.

60. CLOSING REGISTER OF TRANSFERS AND OF MEMBERS

Subject to compliance with the Act and other applicable law, the Board shall be empowered, on giving not less than seven (7) days' notice or such period as may be prescribed, to close the transfer books, Register of Members, the register of debenture holders at such time or times, and for such period or periods, not exceeding thirty (30) days at a time and not exceeding an aggregate forty five (45) days in each year as it may seem expedient.

61. BOARD OF DIRECTORS MAY REFUSE TO REGISTER TRANSFER

Subject to the provisions of Section 58 of the Act, Section 22A of the Securities Contracts (Regulations) Act, 1956, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may (at its own absolute and uncontrolled discretion) decline or refuse by giving reasons, whether in pursuance of any power of the Company under these Articles or otherwise, to register or acknowledge any transfer of, or the transmission by operation of law of the right to, any securities or interest of a Member in the Company, after providing sufficient cause, within a period of thirty (30) days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company. Provided that the registration of transfer of any securities shall not be refused on the ground of the transferor being alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except where the Company has a lien on Shares. Transfer of Shares/debentures in whatever lot shall not be refused.

62. TRANSFER OF PARTLY PAID SHARES

Where in the case of partly paid-up Shares, an application for registration is made by the transferor alone, the transfer shall not be registered, unless the Company gives the notice of the application to the transferee in accordance with the provisions of the Act and the transferee gives no objection to the transfer within the time period prescribed under the Act.

63. TITLE TO SHARES OF DECEASED MEMBERS

On the death of a Member, the survivor or survivors where the Member was a joint holder, and his nominee or nominees or legal representative where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest in the Shares. Nothing contained herein above 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 person(s).

64. TRANSFERS NOT PERMITTED

No share shall in any circumstances be transferred to any infant, insolvent or a person of unsound mind, except fully paid-up Shares through a legal guardian.

65. TRANSMISSION OF SHARES

Subject to the provisions of the Act and these Articles, any person becoming entitled to Shares in consequence of the death, lunacy, bankruptcy or insolvency of any Members, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Article, or of his title, elect to either be registered himself as holder of the Shares or elect to have some person nominated by him and approved by the Board, registered as such holder or to make such transfer of the share as the deceased or insolvent member could have made. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. Provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the Shares. Further, all limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfer of Shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Member had not occurred and the notice or transfer were a transfer signed by that Member.

66. RIGHTS ON TRANSMISSION

A person becoming entitled to a share by reason of the death or insolvency of the holder shall, subject to the Board of Directors' right to retain such dividends or money, 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 meetings of the Company.

Provided that the Board may at any time give a 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 ninety (90) days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of such share, until the requirements of notice have been complied with.

67. SHARE CERTIFICATES TO BE SURRENDERED

Before the registration of a transfer, the certificate or certificates of the share or Shares to be transferred must be delivered to the Company along with (save as provided in the Act) properly stamped and executed instrument of transfer.

68. COMPANY NOT LIABLE TO NOTICE OF EQUITABLE RIGHTS

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of persons having or claiming any equitable rights, title or interest in the said Shares, notwithstanding that the Company may have had notice of such equitable rights referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

69. TRANSFER AND TRANSMISSION OF DEBENTURES

The provisions of these Articles, shall, *mutatis mutandis*, apply to the transfer of or the transmission by law of the right to any securities including, debentures of the Company.

ALTERATION OF CAPITAL

70. RIGHTS TO ISSUE SHARE WARRANTS

The Company may issue share warrants subject to, and in accordance with provisions of the Act. The Board may, in its discretion, with respect to any share which is fully paid-up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require having been paid, issue a warrant.

71. BOARD TO MAKE RULES

The Board may, from time to time, make rules as to the terms on which it shall think fit, a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

72. SHARES MAY BE CONVERTED INTO STOCK

Where Shares are converted into stock:

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the Shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the Shares from which the stock arose;

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage;

(c) such of the Articles of the Company as are applicable to paid-up Shares shall apply to stock and the words “share” and “shareholder”/“Member” shall include “stock” and “stock-holder” respectively.

73. REDUCTION OF CAPITAL

The Company may, by a Special Resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act—

(a) its share capital; and/or

(b) any capital redemption reserve account; and/or

(c) any share premium account

and, in particular, without prejudice to the generality of the foregoing power may by: (i) extinguishing or reducing the liability on any of its Shares in respect of share capital not paid-up; (ii) either with or without extinguishing or reducing liability on any of its Shares,

(a) cancel paid-up share capital which is lost or is unrepresented by available assets; or (b) pay off any paid-up share capital which is in excess of the wants of the Company; and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its Shares accordingly.

74. DEMATERIALISATION OF SECURITIES

(a) The Company shall recognise interest in dematerialised securities under the Depositories Act, 1996.

Subject to the provisions of the Act, either the Company or the investor may exercise an option to issue (in case of the Company only), deal in, hold the securities (including Shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event, the rights and obligations of the parties concerned and matters connected therewith or incidental thereof shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re-enactment thereof, the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other applicable law.

(b) Dematerialisation/Re-materialisation of securities

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialise its existing securities, re materialise its securities held in Depositories and/or offer its fresh securities in the dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

(c) Option to receive security certificate or hold securities with the Depository.

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with the Depository, the Company shall intimate such Depository of the details of allotment of the security and on receipt of such information, the Depository shall enter in its Record, the name of the allottees as the beneficial owner of that Security.

(d) Securities in electronic form

All securities held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the securities held by the Depository.

(e) Beneficial owner deemed as absolute owner

Except as ordered by a court of competent jurisdiction or by applicable law required and subject to the provisions of the Act, the Company shall be entitled to treat the person whose name appears on the applicable register as the holder of any security or whose name appears as the beneficial owner of any security in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such securities or (except only as by these Articles otherwise expressly provided) any right in respect of a security other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any security in the joint names of any two or more persons or the survivor or survivors of them.

(f) Register and index of beneficial owners

The Company shall cause to be kept a register and index of Members with details of securities held in materialised and dematerialised forms in any media as may be permitted by law including any form of electronic media in accordance with all applicable provisions of the Companies Act, 2013 and the Depositories Act, 1996 with details of Shares held in physical and dematerialised forms in any medium as may be permitted by law including in 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. The Company shall have the power to keep in any state or country outside India, a Register of Members, of members resident in that state or country.

75. BUY BACK OF SHARES

Notwithstanding anything contained in these Articles, but subject to all applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own Shares or other specified securities.

GENERAL MEETINGS

76. ANNUAL GENERAL MEETINGS

(a) The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meeting in that year.

(b) An Annual General Meeting of the Company shall be held in accordance with the provisions of the Act and other applicable law.

(c) The Company shall cause minutes of the proceedings of every General Meeting and every resolution passed by postal ballot and every meeting of its Board of Directors or of every committee of the Board, to be prepared and signed in a manner as prescribed under the Act and kept within thirty days of the conclusion of every such meeting concerned, or passing of resolution by postal ballot in books kept for that purpose with their pages consecutively numbered. The books containing the minutes shall be open to inspection by any Member in accordance with section 119 of the Act.

77. EXTRAORDINARY GENERAL MEETINGS

All General Meetings other than the Annual General Meeting shall be called "Extraordinary General Meeting". Provided that, the Board may, whenever it thinks fit, call an Extraordinary General Meeting.

78. EXTRAORDINARY MEETINGS ON REQUISITION

The Board shall, on the requisition of Members, convene an Extraordinary General Meeting of the Company in the circumstances and in the manner provided under the Act.

79. NOTICE FOR GENERAL MEETINGS

All General Meetings shall be convened by giving not less than clear twenty one (21) days' notice, in such manner as is prescribed under the Act, specifying the place, date and hour of the meeting and a statement of the business proposed to be transacted at such a meeting, in the manner mentioned in the Act. Notice shall be given to all the Members and to such persons as are under the Act and/or these Articles entitled to receive such notice from the Company but any accidental omission to give notice to or non-receipt of the notice by any Member or other person to whom it should be given shall not invalidate the proceedings of any General Meetings. No General Meeting shall be competent to deliberate upon, discuss or transact any business which has not been specifically mentioned in the notice convening the same. Items which were not on the agenda of a General Meeting, as circulated to the Members pursuant to the Articles, shall not be tabled, considered, discussed, dealt with or put to the vote at such General Meeting, including if it is adjourned, unless the Members agree otherwise in writing.

The Members may participate in General Meetings through such modes as permitted by applicable laws.

80. SHORTER NOTICE ADMISSIBLE

Upon compliance with the relevant provisions of the Act, any General Meeting may be convened by giving a shorter notice less than twenty one (21) days (a) if consent is given in writing or by electronic mode by not less than 95 (ninety five) percent of the Shareholders entitled to vote at that meeting in case of Annual General Meeting and (b) 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) per cent. of such part of the paid-up share capital of the company as gives a right to vote at the meeting, in case of any other General Meeting.

81. CIRCULATION OF MEMBERS' RESOLUTION

The Company shall comply with provisions of Section 111 of the Act, as to giving notice of resolutions and circulating statements on the requisition of Members.

82. SPECIAL AND ORDINARY BUSINESS

(a) Subject to the provisions of the Act, all business shall be deemed special that is transacted at the Annual General Meeting with the exception of declaration of any dividend, the consideration of financial statements and reports of the Board of Directors and Auditors, the appointment of Directors in place of those retiring and the appointment of and fixing of the remuneration of the auditors. In case of any other meeting, all business shall be deemed to be special. Where any item of business refers to any document, which is to be considered at the meeting, the time and place where such document can be inspected shall be specified in the statement required to be annexed to the notice calling such meeting.

(b) In case of special business as aforesaid, an explanatory statement as required under the applicable provisions of the Act shall be annexed to the notice of the meeting.

83. QUORUM FOR GENERAL MEETING

Five (5) Members or such other number of Members as required under the Act or the applicable law for the time being in force prescribes, personally present shall be quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the commencement of the meeting.

84. TIME FOR QUORUM AND ADJOURNMENT

Subject to the provisions of the Act, if within half an hour from the time appointed for a meeting, a quorum is not present, the meeting, if called upon at the requisition of Members, shall be cancelled and in any other case, it shall stand adjourned to the same day in the next week (not being a national holiday) at the same time and place or to such other day and at such other time and place as the Board of Directors may determine. If at the adjourned meeting also, quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be quorum and may transact the business for which the meeting was called.

85. CHAIRMAN OF GENERAL MEETING

The Chairman, if any, of the Board of Directors shall preside as chairman at every General Meeting of the Company.

86. ELECTION OF CHAIRMAN

Subject to the provisions of the Act, if there is no such chairman or if at any meeting he is not present within fifteen (15) minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Board of Directors present shall elect another Director as chairman and if no Director be present or if all the Directors decline to take the chair, then the Members present shall choose a Member to be the chairman.

87. ADJOURNMENT OF MEETING

Subject to the provisions of the Act, the chairman of a General Meeting may, with the consent given in the meeting at which a quorum is present (and shall if so directed by the meeting) adjourn that meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When the meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as nearly to the original meeting, as may be possible. Save as aforesaid and as provided in the Act, it shall not be necessary to give any notice of adjournment of the business to be transacted at an adjourned meeting.

Any member who has not appointed a proxy to attend and vote on his behalf at a General Meeting may appoint a proxy for any adjourned General Meeting, not later than forty-eight hours before the time of such adjourned Meeting.

88. VOTING AT MEETING

At any General Meeting, a demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than that on which a poll has been demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand. Further, no objection shall be raised to the qualification of any voter except at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

Any such objection made in due time shall be referred to the chairperson of the General Meeting, whose decision shall be final and conclusive.

89. DECISION BY POLL

If a poll is duly demanded in accordance with the provisions of the Act, it shall be taken in such manner as the chairman directs and the results of the poll shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded.

90. CASTING VOTE OF CHAIRMAN

In case of equal votes, whether on a show of hands or on a poll, the chairman of the General Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to the vote or votes to which he may be entitled to as a Member.

91. PASSING RESOLUTIONS BY POSTAL BALLOT

(a) Notwithstanding any of the provisions of these Articles, the Company may, and in the case of resolutions relating to such business as notified under the Act, to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the General Meeting of the Company.

(b) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under the Act.

(c) If a resolution is assented to by the requisite majority of the shareholders by means of postal ballot, it shall be deemed to have been duly passed at a General Meeting convened in that behalf.

VOTE OF MEMBERS

92. VOTING RIGHTS OF MEMBERS

Subject to any rights or restrictions for the time being attached to any class or classes of Shares:

(a) On a show of hands every Member holding Equity Shares and present in person shall have one vote.

(b) On a poll, every Member holding Equity Shares shall have voting rights in proportion to his share in the paid-up equity share capital.

(c) A Member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.

93. VOTING BY JOINT-HOLDERS

In case of joint holders, the vote of first named of such joint holders in the Register of Members who tender a vote whether in person or by proxy shall be accepted, to the exclusion of the votes of other joint holders.

94. VOTING BY MEMBER OF UNSOUND MIND

A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or legal guardian may, on a poll, vote by proxy.

95. NO RIGHT TO VOTE UNLESS CALLS ARE PAID

No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by such Member have been paid, or in regard to which the Company has lien and has exercised any right of lien.

96. PROXY

Subject to the provisions of the Act and these Articles, any Member entitled to attend and vote at a General Meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting.

97. INSTRUMENT OF PROXY

An instrument appointing a proxy shall be in the form as prescribed under the Act for this purpose. The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing or if appointed by a body corporate either under its common seal or under the hand of its officer or attorney duly authorized in writing by it. Any person whether or not he is a Member of the Company may be appointed as a proxy.

The instrument appointing a proxy and power of attorney or other authority (if any) under which it is signed or a notarized copy of that power or authority must be deposited at the Office of the Company not less than forty eight (48) hours prior to the time fixed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in case of a poll, not less than twenty four (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.

98. VALIDITY OF PROXY

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 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.

99. CORPORATE MEMBERS

Any corporation which is a Member of the Company may, by resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual Member of the Company (including the right to vote by proxy).

DIRECTOR

100. NUMBER OF DIRECTORS

The number of Directors shall not be less than three (3) and not more than fifteen (15), and at least one (1) Director shall be resident of India in the previous year.

Provided that the Company may appoint more than fifteen (15) directors after passing a Special Resolution.

The following are the first Directors of the Company

(a) Amrut T. Shah;

(b) Praful K. Dedhia;

(c) Kaushik M. Chheda; and

(d) Satish K. Gala

101. SHARE QUALIFICATION NOT NECESSARY

Any person whether a Member of the Company or not may be appointed as Director and no qualification by way of holding Shares shall be required of any Director.

102. ADDITIONAL DIRECTORS

Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles. Any such additional director shall hold office only up to the date of the upcoming Annual General Meeting.

103. ALTERNATE DIRECTORS

(a) The Board may, appoint a person, not being a person holding any alternate directorship for any other director in the Company, to act as an alternate director for a director during his absence for a period of not less than 3 (three) months from India (hereinafter in this Article called the "Original Director").

(b) An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India. If the term of office of the Original Director is determined before he returns to India, the automatic re-appointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director.

104. APPOINTMENT OF DIRECTOR TO FILL A CASUAL VACANCY

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 by the Board of Directors at a meeting of the Board which shall be subsequently approved by Members in the immediate next General Meeting. The director so appointed shall hold office only up to the date which the director in whose place he is appointed would have held office if it had not been vacated.

105. REMUNERATION OF DIRECTORS

(a) A Director (other than a managing Director or whole-time Director) may receive a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any committee thereof attended by him and the commission as may be approved by the Members of the Company. The remuneration of Directors including managing Director and/or whole-time Director may be paid in accordance with the applicable provisions of the Act.

(b) The Board of Directors may allow and pay or reimburse any Director who is not a bona fide resident of the place where a meeting of the Board or of any committee is held and who shall come to such place for the purpose of attending such meeting or for attending its business at the request of the Company, such sum as the Board may consider fair compensation for travelling, and out-of-pocket expenses and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business he shall be entitled to be reimbursed any travelling or other expenses incurred in connection with the business of the Company.

(c) The managing Directors/ whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

106. REMUNERATION FOR EXTRA SERVICES

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions (which expression shall include work done by Director as a Member of any committee formed by the Board of Directors) in going or residing away from the town in which the Office of the Company may be situated for any purposes of the Company or in giving any special attention to the business of the Company or as member of the Board, then subject to the provisions of the Act, the Board may remunerate the Director so doing either by a fixed sum, or by a percentage of profits or otherwise and such remuneration, may be either in addition to or in substitution for any other remuneration to which he may be entitled.

107. CONTINUING DIRECTOR MAY ACT

The continuing Board of Directors may act notwithstanding any vacancy in the Board, but if the number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or for summoning a General Meeting of the Company, but for no other purpose.

108. VACATION OF OFFICE OF DIRECTOR

The office of a Director shall be deemed to have been vacated under the circumstances enumerated under Act.

109. APPOINTMENT OF NOMINEE DIRECTOR

(a) In the event of any default committed by the Company as mentioned in clause (e) of sub-regulation (1) of Regulation 15 of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 ("**the Default**"), a debenture trustee in respect of any outstanding non-convertible debentures issued by the Company that are listed on any Stock Exchange ("**Trustee**") shall have the right, to nominate a Director ("Trustee Nominee Director") on the Board of Directors of the Company, and to remove from office any Trustee Nominee Director and to appoint another in his / her place or in the place a Trustee Nominee Director who resigns or otherwise vacates his / her office, in accordance with the applicable provisions of the Act, the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 ("**Debenture Trustee Regulations**"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021, or any other applicable law, regulatory or listing requirements or terms and conditions of issued non-convertible debenture ("**Applicable Laws for Nomination**").

(b) Any such nomination, change of Trustee Nominee Director, removal of Trustee Nominee Director shall be made in writing and shall be served by the Trustee at the registered office of the Company ("**Notice by Trustee**").

(c) Upon receipt of the Notice by Trustee, the Board shall appoint Trustee Nominee Director on the Board of Directors of the Company in accordance with Applicable Laws for Nomination.

(d) A Trustee Nominee Director shall be deemed to have vacated his / her office as Director on the Board of Directors of the Company from the date of such Trustee Nominee Director becoming disqualified to be a director on the Board of Directors of the Company pursuant to the provisions of the Act OR from the date of making good the Default by the Company OR from the date of appointing another person a Trustee Nominee Director pursuant to any Notice by Trustee OR from the date of removal of such Director by the Trustee pursuant to any Notice by Trustee OR from the date of the Trustee ceasing to be a debenture trustee of the Company OR any other date from which Trustee Nominee Director cease to be a Trustee Nominee Director pursuant to the Applicable Laws for Nomination, whichever is earlier.

ROTATION AND RETIREMENT OF DIRECTOR

110. ONE-THIRD OF DIRECTORS TO RETIRE EVERY YEAR

At the Annual General Meeting of the Company to be held every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election.

111. RETIRING DIRECTORS ELIGIBLE FOR RE-ELECTION

A retiring Director shall be eligible for re-election and the Company, at the Annual General Meeting at which a Director retires in the manner aforesaid, may fill up the vacated office by electing a person thereto.

112. WHICH DIRECTOR TO RETIRE

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lots.

113. POWER TO REMOVE DIRECTOR BY ORDINARY RESOLUTION

Subject to the provisions of the Act, the Company may by an Ordinary Resolution in General Meeting, remove any Director before the expiration of his period of office and may, by an Ordinary Resolution, appoint another person instead.

Provided that, unless otherwise permitted under applicable law, an independent director appointed and re-appointed under the provisions of the Act shall be removed by the company only by passing a Special Resolution and after giving him a reasonable opportunity of being heard and the Company may by a Special Resolution appoint another Independent Director instead.

114. DIRECTORS NOT LIABLE FOR RETIREMENT

The Company in General Meeting may, when appointing a person as a Director declare that his continued presence on the Board of Directors is of advantage to the Company and that his office as Director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency set out in the said resolution.

PROCEEDINGS OF BOARD OF DIRECTORS

115. MEETINGS OF THE BOARD

(a) The Board of Directors shall meet at least once in every quarter with a maximum gap of one hundred and twenty (120) days between two (2) meetings of the Board for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in accordance with the Act, provided that at least four (4) such meetings shall be held in every calendar year.

(b) The chairman may, at any time, and the secretary or such other Officer of the Company as may be authorised in this behalf on the requisition of Director shall at any time summon a meeting of the Board. Notice of at least seven (7) days in writing of every meeting of the Board shall be given to every Director and every alternate Director at his usual address whether in India or abroad either by hand or speed post or by registered post or by courier or by facsimile or by e-mail or by any other electronic means, provided always that a meeting may be convened by a shorter notice to transact urgent business subject to the condition that at least one independent director, if any, shall be present at the meeting and 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.

(c) The notice of each meeting of the Board shall include (i) the time for the proposed meeting; (ii) the venue for the proposed meeting; and (iii) an agenda setting out the business proposed to be transacted at the meeting.

(d) To the extent permissible by applicable law, the Directors may participate in a meeting of the Board or any committee thereof, through electronic mode, that is, by way of video conferencing i.e., audio visual electronic communication facility. The notice of the meeting must inform the Directors regarding the availability of participation through video conferencing. Any Director participating in a meeting through the use of video conferencing shall be counted for the purpose of quorum.

116. QUESTIONS AT BOARD MEETING HOW DECIDED

Questions arising at any time at a meeting of the Board shall be decided by majority of votes and in case of equality of votes, the Chairman, or in his absence, the Director presiding as Chairman for the meeting shall have a second or casting vote.

117. QUORUM

Subject to the provisions of the Act and other applicable law, the quorum for a meeting of the Board shall be one third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum.

At any time, the number of interested Directors is equal to or exceeds two-thirds of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting there from the number of Directors, if any, whose places are vacant at the time. The term ‘interested director’ means any Director whose presence cannot, by reason of applicable provisions of the Act be counted for the purpose of forming a quorum at meeting of the Board, at the time of the discussion or vote on the concerned matter or resolution.

118. ADJOURNED MEETING

Subject to the provisions of the Act, if within half an hour from the time appointed for a meeting of the Board, a quorum is not present, the meeting, shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Board of Directors may determine.

119. ELECTION OF CHAIRMAN OF BOARD

(a) The Board may elect a chairman of its meeting and determine the period for which he is to hold office.

(b) If at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting the Board of Directors present may choose one among themselves to be the chairman of the meeting.

120. POWERS OF DIRECTORS

(a) The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act or any other applicable law, or by the Memorandum or by the Articles required to be exercised by the Company in a General Meeting, subject nevertheless to these Articles, to the provisions of the Act or any other applicable law and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in a General Meeting; but no regulation made by the Company in a General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

(b) All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case maybe, by such person and in such manner as the Board shall from time to time by resolution determine.

121. DELEGATION OF POWERS

(a) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such Members as it thinks fit.

(b) Any committee so formed shall, in the exercise of the power so delegated conform to any regulations that may be imposed on it by the Board.

122. ELECTION OF CHAIRMAN OF COMMITTEE

(a) The Board may elect a chairman for its committee(s). If no such chairman is elected or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the Members present may choose one of themselves to be the chairman of the committee meeting.

(b) The quorum of a committee may be fixed by the Board of Directors or as may be prescribed under the applicable laws.

123. QUESTIONS HOW DETERMINED

(a) A committee may meet and adjourn as it thinks proper.

(b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the Members present as the case may be and in case of equality of vote, the chairman shall have a second or casting vote, in addition to his vote as a member of the committee.

124. VALIDITY OF ACTS DONE BY BOARD OR A COMMITTEE

All acts done by any meeting of the Board, 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 or that they or any of them were disqualified be as valid as if even such Director or such person has been duly appointed and was qualified to be a Director.

125. RESOLUTION BY CIRCULATION

Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with the necessary papers, if any, to all the Directors or all the Members of the relevant committee and approved by a majority of them shall be valid and effectual as if it had been a resolution duly passed at a meeting of the Board or committee duly convened and held.

126. MAINTENANCE OF FOREIGN REGISTER

The Company may exercise the powers conferred on it by the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of those Sections) make and vary such regulations as it may think fit respecting the keeping of any register.

127. BORROWING POWERS

(a) Subject to the provisions of the Act and these Articles, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by promissory notes or by receiving deposits and advances with or without security or by the issue of bonds, debentures, perpetual or otherwise, including debentures convertible into Shares of this Company or any other company or perpetual annuities and to secure any such money so borrowed, raised or received, mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities; provided however, that the moneys to be borrowed, together with the money already borrowed by the Company apart from temporary loans (as defined under Section 180(1) of the Act) obtained from the Company's bankers in the ordinary course of business shall not, without the sanction of the Company by a Special Resolution at a General Meeting, exceed the aggregate of the paid-up share capital of the Company, its free reserves and securities premium. Provided that every Special Resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow shall specify the total amount up to which moneys may be borrowed by the Board of Directors.

(b) The Board of Directors may by resolution at a meeting of the Board delegate the above power to borrow money to a committee of the Board or managing Director or to any other person permitted by applicable law, if any, within the limits prescribed.

(c) To the extent permitted under the applicable law and subject to compliance with the requirements thereof, the

Board of Directors shall be empowered to grant loans to such entities at such terms as they may deem to be appropriate if the same shall be in the interests of the Company.

(d) Any bonds, debentures, debenture-stock or other securities may if permissible under applicable law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and on the condition that they or any part of them may be convertible into Equity Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, allotment of Shares, attending (but not voting) in the General Meeting, appointment of Directors or otherwise. Provided that debentures with rights to allotment of or conversion into Equity Shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a Special Resolution. Provided further that Company shall not issue any debentures carrying any voting rights.

128. NOMINEE DIRECTORS

(a) Subject to the provisions of the Act and Article 103 hereinabove, so long as any moneys remain owing by the Company to Financial Institutions regulated by the Reserve Bank of India, 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 Reserve Bank of India 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 (hereinafter referred to as 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 whole-time or non whole-time (which Director or Director/s is/are hereinafter referred to as "Nominee Directors/s") 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 /their place(s).

(b) The Nominee Director/s 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 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.

(c) The Company may pay the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees commission, monies or remuneration in any form is payable to the Directors of the Company the fees, commission, monies and remuneration in relation to such Nominee Director/s may accrue to the nominee appointer and same shall accordingly be paid by the Company directly to the Corporation.

(d) Provided that the sitting fees, in relation to such Nominee Director/s shall also accrue to the appointer and same shall accordingly be paid by the Company directly to the appointer.

129. REGISTER OF CHARGES

The Board of Directors shall cause a proper register to be kept, in accordance with the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified.

130. MANAGING DIRECTOR(S) AND/OR WHOLE-TIME DIRECTORS

(a) The Board may from time to time and with such sanction of the Central Government as may be required by the Act, appoint one or more of the Directors to the office of the managing director and/ or whole-time directors for such term and subject to such remuneration, terms and conditions as they may think fit.

(b) The Board of Directors may from time to time resolve that there shall be either one or more managing directors and/ or whole-time directors.

(c) In the event of any vacancy arising in the office of a managing director and/or whole-time director, the vacancy shall be filled by the Board of Directors subject to the approval of the Members, as required under applicable law.

(d) If a managing director and/or whole-time director ceases to hold office as Director, he shall ipso facto and immediately cease to be managing director/whole time director.

131. POWERS AND DUTIES OF MANAGING DIRECTOR OR WHOLE-TIME DIRECTOR

The managing director/whole time director shall subject to the supervision, control and direction of the Board and subject to the provisions of the Act, exercise such powers as are exercisable under these Articles by the Board of Directors, as they may think fit and confer such power for such time and to be exercised as they may think expedient and they may confer such power either collaterally with or to the exclusion of any such substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any such powers. The managing Directors/ whole time Directors may exercise all the powers entrusted to them by the Board of Directors in accordance with the Board's direction.

132. CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Subject to the provisions of the Act —

(a) A chief executive officer, manager, 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, manager, 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, manager, 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 authorising a thing to be done by or to a Director and chief executive officer, manager, 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, manager, company secretary or chief financial officer.

COMMON SEAL

133. CUSTODY OF COMMON SEAL

The Board shall provide for the safe custody of the common seal for the Company and they shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.

134. SEAL HOW AFFIXED

The Board of Directors shall provide a common seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Board of Directors shall provide for the safe custody of the seal for the time being and the seal shall never be used except by or under the authority of the Board of Directors or a committee of the Board of Directors previously given, and in the presence of atleast two Directors and of the company secretary or such other person duly authorised by the Board of Directors or a committee of the Board, who shall sign every instrument to which the seal is so affixed in his presence.

The Company may exercise the powers conferred by the Act with regard to having an official seal for use abroad and such powers shall accordingly be vested in the Board of Directors or any other person duly authorized for the purpose.

DIVIDEND

135. COMPANY IN GENERAL MEETING MAY DECLARE DIVIDENDS

The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

136. INTERIM DIVIDENDS

Subject to the provisions of the Act, the Board may from time to time pay to the Members such interim dividends of such amount on such class of Shares and at such times as it may think fit and as appear to it to be justified by the profits of the company.

137. RIGHT TO DIVIDEND AND UNPAID OR UNCLAIMED DIVIDEND

(a) Where capital is paid in advance of calls on Shares, such capital, whilst carrying interest, shall not confer a right to dividend or to participate in the profits.

(b) Where the Company has declared a dividend but which has not been paid or claimed within thirty (30) days from the date of declaration, the Company shall within seven (7) days from the date of expiry of the said period of thirty (30) days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty (30) days, to a special account to be opened by the Company in that behalf in any scheduled bank to be called "Unpaid Dividend Account of Avanse Financial Services Limited" or having such other nomenclature as may be prescribed under the applicable laws.

(c) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company, along with interest accrued, if any, thereon to the fund known as Investor Education and Protection Fund established under the section 125 of the Act established by the Central Government, subject to the provisions of the Act and the rules.

(d) No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.

(e) All other provisions under the Act will be complied with in relation to the unpaid or unclaimed dividend.

138. DIVISION OF PROFITS

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.

139. DIVIDENDS TO BE APPORTIONED

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.

140. RESERVE FUNDS

(a) The Board may, before recommending any dividends, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such application, may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Board may, from time to time think fit.

(b) The Board may also carry forward any profits when it may consider necessary not to divide, without setting them aside as a reserve.

141. DEDUCTION OF ARREARS

Subject to the Act, no Member shall be entitled to receive payment of any interest or dividend in respect of his share or Shares whilst any money may be due or owing from him to the Company in respect of such share or Shares of or otherwise howsoever whether alone or jointly with any other person or persons and the Board may deduct from any dividend payable to any Members all sums of money, if any, presently payable by him to the Company on account of the calls or otherwise in relation to the Shares of the Company.

142. RETENTION OF DIVIDENDS

The Board may retain dividends payable upon Shares in respect of which any person is, under Articles 60 to 73 hereinbefore contained, entitled to become a Member, until such person shall become a Member in respect of such Shares.

143. RECEIPT OF JOINT HOLDER

Any one of two or more joint holders of a share may give effective receipt for any dividends, bonuses or other moneys payable in respect of such Shares.

144. DIVIDEND HOW REMITTED

Any dividend, interest or other monies payable in cash in respect of Shares may be paid by electronic mode or 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.

145. DIVIDENDS NOT TO BEAR INTEREST

No dividends shall bear interest against the Company.

146. TRANSFER OF SHARES AND DIVIDENDS

Subject to the provisions of the Act, any transfer of Shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

CAPITALISATION OF PROFITS

147. CAPITALISATION OF PROFITS

(a) The Company in General Meeting, may, on recommendation of the Board resolve:

(i) that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and

(ii) that such sum be accordingly set free for distribution in the manner specified in the sub-clause (b) amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportion.

(b) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in sub-clause (iii) below, either in or towards:

(i) paying up any amounts for the time being unpaid on Shares held by such Members respectively;

(ii) paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such Members in the proportions aforesaid; or

(iii) partly in the way specified in sub-clause (i) and partly that specified in sub- clause (ii).

(iv) A securities premium account and a capital redemption reserve account or any other permissible reserve account may be applied as permitted under the Act in the paying up of unissued Shares to be issued to Members of the Company as fully paid-up bonus Shares.

(v) The Board shall give effect to the resolution passed by the Company in pursuance of these Articles.

148. POWER OF DIRECTORS FOR DECLARATION OF BONUS ISSUE

(a) Whenever such a resolution as aforesaid shall have been passed, the Board shall:

(i) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid-up Shares or other securities, if any; and

(ii) generally, do all acts and things required to give effect thereto.

(b) The Board shall have full power:

(i) to make such provisions, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, in the case of Shares or debentures becoming distributable in fractions; and

(ii) to authorize any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further Shares or other securities to which they may be entitled upon such capitalization or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized, of the amount or any parts of the amounts remaining unpaid on their existing Shares.

(c) Any agreement made under such authority shall be effective and binding on such Members.

ACCOUNTS

149. WHERE BOOKS OF ACCOUNTS TO BE KEPT

The Books of Account shall be kept at the Office or at such other place in India as the Board of Directors think fit in accordance with the applicable provisions of the Act.

150. INSPECTION BY DIRECTORS

The books of account and books and papers of the Company, or any of them, shall be open to the inspection of directors in accordance with the applicable provisions of the Act.

151. INSPECTION BY MEMBERS

No Member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board.

SERVICE OF DOCUMENTS AND NOTICE

152. MEMBERS TO NOTIFY ADDRESS IN INDIA

Each registered holder of Shares from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place of residence.

153. SERVICE ON MEMBERS HAVING NO REGISTERED ADDRESS

If a Member has no registered address in India and has not supplied to the Company any address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighborhood of Office of the Company shall be deemed to be duly served to him on the day on which the advertisement appears.

154. SERVICE ON PERSONS ACQUIRING SHARES ON DEATH OR INSOLVENCY OF MEMBERS

A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

155. PERSONS ENTITLED TO NOTICE OF GENERAL MEETINGS

Subject to the provisions of the Act and these Articles, notice of General Meeting shall be given:

(a) To the Members of the Company as provided by these Articles.

(b) To the persons entitled to a share in consequence of the death or insolvency of a Member.

(c) To the Directors of the Company.

(d) To the Debenture Trustee(s) of the Company, if any.

(e) To the auditors for the time being of the Company; in the manner authorized by as in the case of any Member or Members of the Company.

(f) To the secretarial auditors of the Company.

156. NOTICE BY ADVERTISEMENT

Subject to the provisions of the Act, any document required to be served or sent by the Company on or to the Members, or any of them and not expressly provided for by these Articles, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the district in which the Office is situated.

157. MEMBERS BOUND BY DOCUMENT GIVEN TO PREVIOUS HOLDERS

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.

Any notice to be given by the Company shall be signed by the managing Director or by such Director or company secretary (if any) or Officer as the Directors may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed or digitally signed.

WINDING UP

158. Subject to the applicable provisions of the Act–

(a) If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the Members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.

(c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any Shares or other securities whereon there is any liability.

(d) Any person who is or has been a Director or manager, whose liability is unlimited under the Act, shall, in addition to his liability, if any, to contribute as an ordinary member, be liable to make a further contribution as if he were at the commencement of winding up, a member of an unlimited company, in accordance with the provisions of the Act.

159. APPLICATION OF ASSETS

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.

INDEMNITY

160. DIRECTOR'S AND OTHERS' RIGHT TO INDEMNITY

Subject to the provisions of the Act and other applicable law, every Director and Officer of the Company shall be indemnified by the Company against any liability incurred by him in his capacity as Director or Officer of the Company including in relation to 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. Provided, however, that such indemnification shall not apply in respect of any cost or loss or expenses to the extent it is finally judicially determined to have resulted from the negligence, wilful misconduct or bad faith acts or omissions of such Director or officer of the Company.

161. INSURANCE

The Company shall obtain and at all times maintain, a valid Directors' and officers' liability insurance for all the Directors. Subject to the Law, the Company shall indemnify and hold harmless the Directors and the observer from and against any act, omission or conduct (including, without limitation, contravention of any Law) of or by the Company or on its behalf, as a result of which, in whole or in part, the Directors are made a party to, or otherwise incurs any Loss.

SECRECY CLAUSE

162. SECRECY

No Member or other person (not being a Director) shall be entitled to inspect the Company's works without the permission of the Board/Directors or to require discovery of any information respectively and detail of the Company's trading or any matter which is or may be in the nature of a trade secret, history of trade or secret process, or of any matter whatsoever, which may be related to the conduct of the business of the Company and which in the opinion of the Board/Directors will be inexpedient in the interest of the Members of the Company to communicate to the public.

GENERAL POWER

163. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.

PART B

Part B of the Articles of Association provides for, amongst other things, the rights and obligations of certain Shareholders pursuant to the SHA read with the SHA Amendment Agreement. For more details on the SHA and the SHA Amendment Agreement, see *"History and Certain Corporate Matters – Shareholders' agreements and other agreements"* on page 210.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus which will be filed with the RoC. Copies of the contracts and documents referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. IST on all Working Days, and shall also be available for inspection on our website at https://www.avanse.com/materialcontracts from the date of the Red Herring Prospectus until the Bid/Offer Closing Date, except for such contracts and documents that will be entered into or executed subsequent to the completion of the Bid/Offer Closing Date.

A. Material Contracts for the Offer

1. Offer Agreement dated July 31, 2024 among our Company, the Selling Shareholders, and the Book Running Lead Managers.
2. Registrar Agreement dated June 20, 2024 among our Company, the Selling Shareholders, and the Registrar to the Offer.
3. Cash Escrow and Sponsor Bank Agreement dated [●] among our Company, the Selling Shareholders, the Registrar to the Offer, the Book Running Lead Managers, the Syndicate Members, and the Banker(s) to the Offer.
4. Share Escrow Agreement dated [●] among our Company, the Selling Shareholders, and the Share Escrow Agent.
5. Syndicate Agreement dated [●] among our Company, the Selling Shareholders, the Book Running Lead Managers, the Syndicate Members, and the Registrar to the Offer.
6. Underwriting Agreement dated [●] among our Company, the Selling Shareholders, and the Underwriters.
7. Monitoring Agency Agreement dated [●] between our Company and the Monitoring Agency.

B. Other Material contracts in relation to our Company

1. Employment Agreements entered into by and between our Company and Amit Gainda with respect to his employment in our Company as a Managing Director.
2. Shareholders' agreement dated March 6, 2024, entered into by and amongst our Company, our Promoter, IFC, Kedaara Capital, Kedaara Pichola and Alpha read with the Deed of Adherence dated March 22, 2024, entered into by and between our Company and Avendus Future and as amended by the amendment and waiver agreement to the SHA dated June 20, 2024 entered into by and amongst our Company, our Promoter, IFC, Kedaara Capital, Kedaara Pichola, Alpha and Avendus Future and the second amendment agreement dated July 18, 2024 to the SHA entered into by and amongst our Company, our Promoter, IFC, Kedaara Capital, Kedaara Pichola, Alpha and Avendus Future.
3. Policy Agreement dated June 20, 2024 entered into between our Company and IFC, as amended by the amendment dated July 18, 2024 to the Policy Agreement entered into by and between our Company and IFC.

C. Material Documents

1. Certified copies of our Memorandum of Association and Articles of Association, as amended from time to time.
2. Certificate of incorporation dated August 7, 1992 issued by the RoC to our Company, in its former name 'Abhivruddhi Holdings Private Limited'.
3. Fresh certificate of incorporation dated December 12, 2012, issued by the RoC upon change in name of our Company from 'Abhivruddhi Holdings Private Limited' to 'Avanse Financial Services Private Limited'.
4. Fresh certificate of incorporation dated February 4, 2014, issued by the RoC upon change in name of our Company from 'Avanse Financial Services Private Limited' to 'Avanse Financial Services Limited'.
5. Renewed certificate of registration as a corporate agent (composite), issued by the Insurance Regulatory and Development Authority of India bearing registration number CA0445.
6. Certificate of registration dated February 5, 2004 bearing no. RBI B-13.01704, pursuant to which our Company was registered as an NBFC under section 45-IA of the RBI Act.

7. Copies of annual reports of our Company for the Fiscal 2024, 2023, and 2022.

8. Resolutions of our Board of Directors dated April 30, 2024 and June 19, 2024, authorising the Offer and other related matters.

9. Resolution of the Shareholders of our Company dated June 20, 2024 authorising the Fresh Issue and other related matters.

10. Consent letter and authorisations from each of the Selling Shareholders consenting to participate in the Offer for Sale.

11. Resolution of our Board of Directors dated June 19, 2024 taking on record the consent and authorisation of each of the Selling Shareholders to participate in the Offer for Sale.

12. Resolutions of the Board of Directors and IPO Committee dated July 30, 2024 and July 31, 2024, respectively, approving this Draft Red Herring Prospectus.

13. Consent letter from CRISIL MI&A dated June 19, 2024 for the CRISIL MI&A Report.

14. The report titled "Assessment of the Education Services and Education Loan Industry in India" dated June 2024 prepared by CRISIL MI&A, which has been exclusively commissioned by and paid for by our Company pursuant to an engagement letter with CRISIL MI&A dated April 24, 2024, for the purposes of the Offer, which is available on the website of our Company at https://www.avanse.com/industryreport.

15. The report dated June 20, 2024 on the statement of special tax benefits issued by our Predecessor Statutory Auditors.

16. Examination report dated May 27, 2024 of our Predecessor Statutory Auditors on the Restated Summary Statements.

17. Consent letters of our Directors, our Company Secretary and Compliance Officer, legal advisor to the Company, Bankers to our Company, the Book Running Lead Managers, independent chartered accountant, the Syndicate Member(s), the Banker(s) to the Offer, the Registrar to the Offer and the Monitoring Agency to act in their respective capacities.

18. Consent dated July 30, 2024 from Walker Chandiok & Co LLP, Chartered Accountants, to include their name as required under Section 26 of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus, in their capacity as our Current Statutory Auditor and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

19. Consent dated July 31, 2024 from S.R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under Section 26(1) of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus, and as an "expert" as defined under Section 2(38) of the Companies Act to the extent and in their capacity as our Predecessor Statutory Auditor and in respect of their (i) examination report dated May 27, 2024 on our Restated Summary Statements; and (ii) report dated June 20, 2024 on the statement of special tax benefits as included in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

20. Consent dated July 31, 2024 from V. C. Shah & Co., Chartered Accountants, independent chartered accountant, to include their name as required under the SEBI ICDR Regulations in this Draft Red Herring Prospectus, and as an "expert" as defined under Section 2(38) of the Companies Act with respect of their information in certificate dated July 31, 2024 as included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

21. Resolution of the Audit Committee dated July 30, 2024 approving our key performance indicators.

22. Certificate dated July 31, 2024 from V. C. Shah & Co., Chartered Accountants certifying the key performance indicators of our Company.

23. Avanse Financial Services Limited – Employees Stock Option Plan 2019.

24. Avanse Financial Services Limited – Employees Stock Option Plan 2024.

25. In-principle listing approvals dated [●] and [●] issued by BSE and NSE, respectively.

26. Tripartite agreement dated December 6, 2016 among our Company, CDSL and the Registrar to the Offer.

27. Tripartite agreement dated March 26, 2019 among our Company, NSDL and the Registrar to the Offer.

28. Due diligence certificate dated July 31, 2024 addressed from the Book Running Lead Managers to SEBI.

29. SEBI final observation letter no. [●] dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without notice to our Shareholders subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

I hereby confirm, certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the rules, guidelines and regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Amit Gainda

Managing Director and Chief Executive Officer

Place: Mumbai

Date: July 31, 2024

DECLARATION

I hereby confirm, certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the rules, guidelines and regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

Narendra Ostawal

Non-Executive Director

Place: Mumbai

Date: July 31, 2024

DECLARATION

I hereby confirm, certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the rules, guidelines and regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Hemant Omprakash Mundra

Non-Executive Director

Place: Mumbai

Date: July 31, 2024

DECLARATION

I hereby confirm, certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the rules, guidelines and regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Luca Molinari

Non-Executive Director

Place: New York, U.S.A

Date: July 31, 2024

DECLARATION

I hereby confirm, certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the rules, guidelines and regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Sunish Sharma

Non-Executive Director

Place: London, UK

Date: July 31, 2024

DECLARATION

I hereby confirm, certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the rules, guidelines and regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

Savita Mahajan

Independent Director

Place: Dehradun

Date: July 31, 2024

DECLARATION

I hereby confirm, certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the rules, guidelines and regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Vijayalakshmi R. Iyer

Independent Director

Place: Dubai, UAE

Date: July 31, 2024

DECLARATION

I hereby confirm, certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the rules, guidelines and regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Ravi Venkatraman

Independent Director

Place: Mumbai

Date: July 31, 2024

DECLARATION

I hereby confirm, certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the rules, guidelines and regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Neeraj Swaroop

Independent Director

Place: Hyderabad

Date: July 31, 2024

DECLARATION

I hereby confirm, certify and declare that all relevant provisions of the Companies Act and the rules, guidelines and regulations issued by the Government of India or the rules, guidelines and regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement, disclosure and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements, disclosures and undertakings made in this Draft Red Herring Prospectus are true and correct.

Signed by the Chief Financial Officer of our Company

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Vikrant Virendra Gandhi

Chief Financial Officer

Place: Mumbai

Date: July 31, 2024

DECLARATION

We, Olive Vine Investment Ltd hereby confirm that all statements, disclosures and undertakings specifically made by us in this Draft Red Herring Prospectus in relation to ourselves, as a Promoter Selling Shareholder and our portion of Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings, including any statements and undertakings made or confirmed by, or relating to, the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

FOR AND ON BEHALF OF OLIVE VINE INVESTMENT LTD

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Authorised Signatory

Name: Sharmila Baichoo

Designation: Director

Place: Port Louis, Mauritius

Date: July 31, 2024

DECLARATION

We, International Finance Corporation hereby confirm that all statements and undertakings specifically made by us in this Draft Red Herring Prospectus in relation to ourselves, severally and not jointly, as a Selling Shareholder and our respective portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, including statements made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

FOR AND ON BEHALF OF INTERNATIONAL FINANCE CORPORATION

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Authorised Signatory

Name: Lingshu Liu

Place: Bangkok, Thailand

Date: July 31, 2024

DECLARATION

We, Kedaara Capital Growth Fund III LLP, hereby confirm that all statements, disclosures and undertakings specifically made by us in this Draft Red Herring Prospectus in relation to ourselves, severally and not jointly as a Selling Shareholder and our respective portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings, including any of the statements, disclosures and undertakings made or confirmed by, or relating to the Company, or any other Selling Shareholder(s), or any other person(s) in this Draft Red Herring Prospectus.

FOR AND ON BEHALF OF KEDAARA CAPITAL GROWTH FUND III LLP

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Authorised Signatory

Name: Rishiraj Khajanchi

Place: Mumbai

Date: July 31, 2024