(*Please scan this QR Code to view this Red Herring Prospectus*)

FUSION MICRO FINANCE LIMITED

Corporate Identity Number: U65100DL1994PLC061287

REGISTERED OFFICE	CORPORATE OFFICE	CONTACT PERSON	E-MAIL AND TELEPHONE	WEBSITE
H-1, C Block, Community Centre, Naraina Vihar, New Delhi, 110028, India	Plot no. 86, Institutional Sector 32, Gurugram, Haryana 122001, India	Deepak Madaan, Company Secretary and Compliance Officer	**Email:** companysecretary@fusionmicrofinance.com **Registered Office Tel**: +91- 011-46646600 **Corporate Office Tel:** +91-124-6910500	www.fusionmicrofinance.com

PROMOTERS OF OUR COMPANY: DEVESH SACHDEV, CREATION INVESTMENTS FUSION, LLC, CREATION INVESTMENTS FUSION II, LLC AND HONEY ROSE INVESTMENT LTD

DETAILS OF THE OFFER TO PUBLIC

TYPE	FRESH ISSUE SIZE	OFFER FOR SALE SIZE	TOTAL OFFER SIZE	ELIGIBILITY AND SHARE RESERVATION AMONG QIBs, NIIs AND RIIs
Fresh Issue and Offer for Sale	Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 6,000 million	Up to 13,695,466 Equity Shares, aggregating up to ₹ [●] million by the Selling Shareholders	Up to ₹ [●] million	The Offer is being made pursuant to Regulation 6(1) of the SEBI ICDR Regulations. For further details, see "*Other Regulatory and Statutory Disclosures – Eligibility for the Offer*" on page 387. For details in relation to share reservation among QIBs, NIBs and RIBs, see "*Offer Structure*" on page 411.

DETAILS OF OFFER FOR SALE BY THE SELLING SHAREHOLDERS

NAME OF THE SELLING SHAREHODLER	TYPE	NUMBER OF EQUITY SHARES OFFERED/AMOUNT	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹) *
Devesh Sachdev	Promoter Selling Shareholder	Up to 650,000 Equity Shares	117.63
Mini Sachdev	Promoter Group	Up to 100,000 Equity Shares	16.02
Honey Rose Investment Ltd.	Promoter Selling Shareholder	Up to 1,400,000 Equity Shares	194.94
Creation Investments Fusion, LLC	Promoter Selling Shareholder	Up to 1,400,000 Equity Shares	104.07
Oikocredit Ecumenical Development Cooperative Society U.A.	Other Selling Shareholder	Up to 6,606,375 Equity Shares	87.13
Global Impact Funds, S.C.A., SICAR	Other Selling Shareholder	Up to 3,539,091 Equity Shares	100.59

**As certified by K. K. Mankeshwar & Co., Chartered Accountants, by way of their certificate dated October 25, 2022.*

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is **₹** 10. The Floor Price, Cap Price and Offer Price, as determined and justified by our Company through its IPO Committee, in consultation with the BRLMs in accordance with the SEBI ICDR Regulations and as stated in "*Basis for Offer Price*" on page 107 should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of the Issuer and this Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 27.

COMPANY'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this RHP contains all information with regard to the Company and the Offer which is material in the context of the Offer, that the information contained in this RHP 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 make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. . Each of the Selling Shareholders severally and not jointly, accept responsibility for and confirm only the statements specifically made or confirmed by such Selling Shareholder in this Red Herring Prospectus to the extent of information specifically pertaining to itself, respectively, and its portion of the Offered Shares in the Offer for Sale and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect Each of the Selling Shareholders, severally and not jointly, assumes no responsibility for any other statement in this Red Herring Prospectus, including, inter alia, any of the statements made by or relating to our Company or its business or any other Selling Shareholders.

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the Stock Exchanges. For the purposes of the Offer, NSE is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS

NAME OF BRLMS AND LOGO	CONTACT PERSON	E-MAIL AND TELEPHONE
ICICI Securities Limited	Shekhar Asnani/ Gaurav Mittal	**E-mail:** fusion.ipo@icicisecurities.com **Tel:** +91 22 6807 7100
CLSA India Private Limited	Sarfaraz Agboatwala / Prachi Chandgothia	**E-mail:** fusionmicrofinance.ipo@clsa.com **Tel:** +91 22 6650 5050
IIFL Securities Limited	Pawan Jain/ Dhruv Bhagwat	**E-mail:** fusion.ipo@iiflcap.com **Tel:** +91 22 4646 4728
JM Financial Limited	Prachee Dhuri	**E-mail:** fusion.ipo@jmfl.com **Tel**: +91 22 6630 3030

REGISTRAR TO THE OFFER

NAME OF THE REGISTRAR	CONTACT PERSON	E-MAIL AND TELEPHONE
Link Intime India Private Limited	Shanti Gopalkrishnan	**E-mail:** fusion.ipo@linkintime.co.in **Tel:** +91 22 4918 6200

BID/OFFER PERIOD

ANCHOR INVESTOR BIDDING DATE	Tuesday, November 1, 2022	BID/OFFER OPENS ON*	Wednesday, November 2, 2022	BID/OFFER CLOSES ON	Friday, November 4, 2022

** Our Company through its IPO Committee, may, in consultation with the BRLMs, consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investors shall Bid during the Anchor Investor Bidding Date, i.e., one Working Day prior to the Bid/Offer Opening Date.*

^UPI mandate end time and date shall be at 5:00 p.m. on Bid Offer Closing Date i.e. Friday, November 4, 2022.

Red Herring Prospectus
Dated October 25, 2022
(Please read Section 32 of the Companies Act, 2013)
100% Book Built Offer

FUSION MICRO FINANCE LIMITED

Our Company was originally incorporated as 'Ambience Fincap Private Limited' on September 5, 1994 at New Delhi, India as a private limited company under the Companies Act, 1956, and was granted a certificate of incorporation by Registrar of Companies, Delhi and Haryana at New Delhi ("**RoC**"). On January 9, 2003, the RBI granted a certificate of registration bearing registration no. B-14.02857 to our Company, for the registration of our Company as a non-deposit accepting non-banking financial company under Section 45IA of the Reserve Bank of India Act, 1934. Subsequently, the name of our Company was changed to 'Fusion Micro Finance Private Limited' and a fresh certificate of incorporation, dated April 19, 2010 was issued by the RoC to describe the business of the Company, post which the RBI granted a certificate of registration dated May 19, 2010 reflecting the change of name. Our Company was granted an 'NBFC – Microfinance Institution' status by the RBI with effect from January 28, 2014 and a modified certificate of registration bearing registration no. B-14.02857 was issued by the RBI to this effect. The name of our Company was further changed to Fusion Micro Finance Limited upon conversion to a public limited company and a fresh certificate of incorporation was issued by the RoC on July 20, 2021, post which a fresh certificate of registration as an NBFC (not accepting public deposits) dated October 1, 2021, was issued by the RBI reflecting the change in name of our Company. For details of changes in the name and registered office address of our Company, see *"History and Certain Corporate Matters"* on page 212.

Registered Office: H-1, C Block, Community Centre, Naraina Vihar, New Delhi, 110028, India
Corporate Office: Plot no. 86, Institutional Sector 32, Gurugram, Haryana 122001, India
Contact Person: Deepak Madaan, Company Secretary and Compliance Officer; **Tel.**: +91- 011-46646600/ +91-124-6910500
E-mail: companysecretary@fusionmicrofinance.com; **Website**: www.fusionmicrofinance.com; **Corporate Identity Number:** U65100DL1994PLC061287

PROMOTERS OF OUR COMPANY: DEVESH SACHDEV, CREATION INVESTMENTS FUSION, LLC, CREATION INVESTMENTS FUSION II, LLC AND HONEY ROSE INVESTMENT LTD

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF FUSION MICRO FINANCE LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SECURITIES PREMIUM OF ₹ [●] PER EQUITY SHARE (THE "OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER"). THE OFFER COMPRISES OF A FRESH ISSUE OF UP TO [●] EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO ₹ 6,000 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE BY DEVESH SACHDEV, MINI SACHDEV, HONEY ROSE INVESTMENT LTD, CREATION INVESTMENTS FUSION, LLC, OIKOCREDIT ECUMENICAL DEVELOPMENT COOPERATIVE SOCIETY U.A., AND GLOBAL IMPACT FUNDS, S.C.A., SICAR (THE "SELLING SHAREHOLDERS"), OF UP TO 650,000 EQUITY SHARES, UP TO 100,000 EQUITY SHARES, UP TO 1,400,000 EQUITY SHARES, UP TO 1,400,000 EQUITY SHARES, UP TO 6,606,375 EQUITY SHARES AND UP TO 3,539,091 EQUITY SHARES, RESPECTIVELY, AGGREGATING UP TO ₹ [●] MILLION ("THE OFFER FOR SALE"). THE OFFER SHALL CONSTITUTE UP TO [●] % OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES.

THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY OUR COMPANY THROUGH ITS IPO COMMITTEE IN CONSULTATION WITH THE BRLMs AND WILL BE ADVERTISED IN ALL EDITIONS OF THE ENGLISH NATIONAL DAILY NEWSPAPER FINANCIAL EXPRESS , ALL EDITIONS OF THE HINDI NATIONAL DAILY NEWSPAPER JANSATTA (HINDI BEING THE REGIONAL LANGUAGE WHEREIN THE REGISTERED OFFICE OF OUR COMPANY IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES.

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

The Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**"). The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIB Portion**"), provided that our Company through its IPO Committee 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-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders 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 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 (**"Non-Institutional Portion"**) of which one-third of the Non-Institutional Portion shall be available for allocation to Bidders with a Bid size of more than ₹ 200,000 and up to ₹ 1,000,000 and two-thirds of the Non-Institutional Portion shall be available for allocation to Bidders with a Bid size of more than ₹ 1,000,000 and under-subscription in either of these two sub-categories of Non-Institutional Portion may be allocated to Bidders in the other sub-category of Non-Institutional Portion in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received 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 providing details of their respective ASBA accounts and UPI ID (in case of RIBs), if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or under the UPI Mechanism, as applicable. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see "*Offer Procedure*" on page 414.

RISKS IN RELATION TO FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is **₹** 10. The Offer Price/Floor Price/Cap Price, as determined and justified by our Company through its IPO Committee, in consultation with the BRLMs in accordance with the SEBI ICDR Regulations and as stated in "*Basis for Offer Price*" on page 107 should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of the Issuer and this Offer, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 27.

COMPANY AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and this Offer, which is material in the context of this Offer, that the information contained in this 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 Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Each of the Selling Shareholders severally and not jointly, accept responsibility for and confirm only the statements specifically made or confirmed by such Selling Shareholder in this Red Herring Prospectus to the extent of information specifically pertaining to itself, respectively, and its portion of the Offered Shares in the Offer for Sale and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect Each Selling Shareholders, severally and not jointly, assumes no responsibility for any other statement in this Red Herring Prospectus, including, inter alia, any of the statements made by or relating to our Company or its business or any other Selling Shareholders.

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares pursuant to their letters dated September 7, 2021 and September 3, 2021, respectively. For the purposes of this Offer, NSE shall be the Designated Stock Exchange. A signed copy of this Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of this Red Herring Prospectus up to the Bid/Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 450.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER
ICICI Securities Limited ICICI Venture House, Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Maharashtra, India **Tel:** +91 22 6807 7100 **E-mail :** fusion.ipo@icicisecurities.com **Investor grievance e-mail:** customercare@icicisecurities.com **Contact person:** Shekhar Asnani/Gaurav Mittal **Website:** www.icicisecurities.com **SEBI Registration**: INM000011179	**CLSA India Private Limited** 8/F Dalamal House Nariman Point, Mumbai 400 021 Maharashtra, India **Tel:** +91 22 6650 5050 **E-mail:** fusionmicrofinance.ipo@clsa.com **Investor grievance e-mail:** investor.helpdesk@clsa.com **Contact person:** Sarfaraz Agboatwala / Prachi Chandgothia **Website:** www.india.clsa.com **SEBI Registration:** INM000010619	**IIFL Securities Limited** 10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (West), Mumbai 400 013 Maharashtra, India **Tel:** +91 22 4646 4728 **E-mail:** fusion.ipo@iiflcap.com **Investor grievance e-mail :** ig.ib@iiflcap.com **Contact person:** Pawan Jain/ Dhruv Bhagwat **Website:** www.iiflcap.com **SEBI Registration:** INM000010940	**JM Financial Limited** 7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400 025 Maharashtra, India **Tel.:** +91 22 6630 3030 **E-mail**: fusion.ipo@jmfl.com **Investor grievance e-mail:** grievance.ibd@jmfl.com **Contact person:** Prachee Dhuri **Website:** www.jmfl.com **SEBI Registration:** INM000010361	**Link Intime India Private Limited** C 101, 247 Park, L. B. S. Marg Vikhroli (West), Mumbai 400 083 Maharashtra, India **Tel**: +91 22 4918 6200 **E-mail**: fusion.ipo@linkintime.co.in **Investor grievance e-mail**: fusion.ipo@linkintime.co.in **Contact person**: Shanti Gopalkrishnan **Website**: www.linkintime.co.in **SEBI Registration**: INR000004058

BID/OFFER PROGRAMME

BID/ OFFER OPENS ON: *	Wednesday, November 2, 2022
BID/ OFFER CLOSES ON:	Friday, November 4, 2022^

* *Our Company through its IPO Committee, may, in consultation with the BRLMs, consider participation by Anchor Investors, in accordance with the SEBI ICDR Regulations. The Anchor Investors shall Bid during the Anchor Investor Bidding Date, i.e., one Working Day prior to the Bid/Offer Opening Date.*
^ UPI mandate end time and date shall be at 5 p.m. on Bid/Offer Closing Date i.e. Friday, November 4, 2022.

TABLE OF CONTENTS

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification shall be to such legislation, act, regulation, rule, guideline, policy, circular, notification or clarification as amended.

Notwithstanding the foregoing, capitalized terms in "Main Provisions of the Articles of Association", "Statement of Special Tax Benefits", "Industry Overview", "Key Regulations and Policies", "Financial Statements", "Offer Procedure", "Basis of Offer Price and "Outstanding Litigation and Material Developments", on pages 436, 112, 117, 201, 248, 414, 107 and 379 will have the meaning ascribed to such terms in those respective sections.

General Terms

Term	Description
"the Company", "our Company", or "the Issuer" or "we", "our" or "us"	Fusion Micro Finance Limited, a public limited company incorporated under the Companies Act, 1956, and having its Registered Office at H-1, C Block, Community Centre, Naraina Vihar, New Delhi, 110028, India.

Company Related Terms

Term	Description
"Articles" or "Articles of Association" or "AoA"	The articles of association of our Company, as amended from time to time.
Audit Committee	The audit committee of our Board, as described in "*Our Management*" on page 224.
"Board" or "Board of Directors"	The board of directors of our Company (including any duly constituted committee thereof), as described in "*Our Management*" on page 218.
CEO	Chief Executive Officer of our Company.
Creation I	Creation Investments Fusion, LLC.
Creation II	Creation Investments Fusion II, LLC.
Corporate Office	Plot no. 86, Institutional Sector 32, Gurugram, Haryana 122001, India.
CSR Committee	The corporate social responsibility committee of our Board, as described in "*Our Management*" on page 201.
Director(s)	The director(s) on our Board, as described in "*Our Management*" on page 218.
Equity Shares	The equity shares of our Company of face value of ₹ 10 each.
ESOP 2014	Employee Stock Option Scheme, 2014.
ESOP 2016	Employee Stock Option Plan, 2016.
"Fusion Employees Benefit Trust" or "ESOP Trust"	Fusion Employees Benefit Trust that administers ESOP 2014 and ESOP 2016.
Global Impact Funds S.C.A., SICAR	Global Impact Funds S.C.A., SICAR, with sub-fund Global Financial Inclusion Fund
Group Companies	The company(ies) identified as 'group companies' in accordance with Regulation 2(1)(t) of the SEBI ICDR Regulations, as described in "*Our Group Companies*" on page 227.
Honey Rose	Honey Rose Investment Ltd
Independent Director(s)	Independent Director(s) on our Board, as described in "*Our Management*" on page 219.
IPO Committee	The committee constituted by our Board for the Offer as described in "*Our Management*" on page 230.
IIFL	IIFL Securities Limited
ISEC	ICICI Securities Limited
JM	JM Financial Limited
Key Management/ Managerial Personnel	Key management/ managerial personnel of our Company in terms of the SEBI ICDR Regulations and the Companies Act, 2013 and as disclosed in "*Our Management*" on page 235.
"Memorandum" or "Memorandum of Association" or "MoA"	The memorandum of association of our Company, as amended from time to time.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, as described in "*Our Management*" on page 226.
Oikocredit	Oikocredit Ecumenical Development Cooperative Society U.A.

Term	Description
Previous Auditor	The previous statutory auditors of our Company for Fiscals 2020, 2021 and 2022, and three months period ended June 30, 2021, namely S.R. Batliboi & Associates, LLP, Chartered Accountants.
Promoter(s)	The promoters of our Company, namely, Devesh Sachdev, Creation Investments Fusion, LLC, Creation Investments Fusion II, LLC and Honey Rose Investment Ltd.
Promoter Group	The entities constituting the promoter group of our Company in terms of Regulation 2(1) (pp) of the SEBI ICDR Regulations. For details, see "*Our Promoters and Promoter Group*" on page 242.
Registered Office	H-1, C Block, Community Centre, Naraina Vihar, New Delhi, 110028, India.
"Registrar of Companies" or "RoC"	The Registrar of Companies, Delhi and Haryana at New Delhi.
"Restated Financial Statements"/ "Restated Financial information"	The Restated financial statements/ Restated Financial information of our Company as at and for the three months period ended June 30, 2022 and June 30, 2021 and years ended March 31, 2022, March 31, 2021 and March 31, 2020, comprise of the Restated Ind AS Statement of Assets and Liabilities as at June 30, 2022, June 30, 2021, March 31, 2022, 2021 and 2020, the Restated Ind AS Statement of Profit and Loss (including other comprehensive income (OCI),the Restated Ind AS Statement of Cash Flows, the Restated Ind AS Statement of Changes in Equity for the three months period ended June 30, 2022, June 30, 2021, and year ended March 31, 2022, March 31, 2021 and March 31, 2020, the Statement of Significant Accounting Policies and other explanatory notes thereon, derived from special purpose Interim Ind AS Financial Statements for the three months period ended June 30, 2022, and interim Ind AS Financial Statements for the three months period ended June 30, 2021 prepared in accordance with Ind AS 34, and year ended March 31, 2022, March 31, 2021 and March 31, 2020, together with the annexures and notes thereto prepared in accordance with Ind AS and restated in accordance with requirements of Section 26 of Part I of Chapter III of the Companies Act, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by the ICAI.
Shareholders	The holders of the Equity Shares from time to time.
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Board as described in "*Our Management*" on page 228.
Statutory Auditors	The current statutory auditors of our Company, namely, M/s. Deloitte Haskins & Sells, Chartered Accountants

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the relevant Designated Intermediary (ies) to the Bidder as proof of registration of the Bid cum Application Form.
'Allot' or 'Allotment' or 'Allotted'	Allotment of Equity Shares pursuant to the Fresh Issue and transfer of the Offered Shares by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders.
Allotment Advice	Advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted the Equity Shares in the Offer after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee	A successful Bidder to whom an Allotment is made.
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with SEBI ICDR Regulations and the Red Herring Prospectus, and who has Bid for an amount of at least ₹ 100 million.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors according to the terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company through its IPO Committee, in consultation with the BRLMs.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
Anchor Investor Bid/ Offer Period or Anchor Investor Bidding Date	The date, one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed.
Anchor Investor Offer Price	The price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company through its IPO

Term	Description
	Committee, in consultation with the BRLMs.
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company through its IPO Committee, 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.
'ASBA' or 'Application Supported by Blocked Amount'	An application, whether physical or electronic, used by Bidders/Applicants, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB and will include amounts blocked by UPI Bidders using the UPI mechanism
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB or the account of the UPI Bidder blocked upon acceptance of UPI Mandate Request by UPI Bidder using the UPI mechanism to the extent of the Bid Amount of the Bidder/Applicant
ASBA Bid	A Bid made by an ASBA Bidder.
ASBA Bidder(s)	Any Bidder (other than an Anchor Investor) in the Offer who intends to submit a Bid.
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer, described in "*Offer Procedure*" on page 414.
Bid(s)	An indication by a Bidder (other than an Anchor Investor) to make an offer during the Bid/Offer Period pursuant to submission of the ASBA Form, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of the Anchor Investor Application Form, to subscribe to or purchase Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations, in terms of the Red Herring Prospectus and the Bid cum Application Form. The term 'Bidding' shall be construed accordingly.
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form, and payable by an Anchor Investor or blocked in the ASBA Account of an ASBA Bidder, as the case may be, upon submission of the Bid in the Offer. In the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RIBs and mentioned in the Bid cum Application Form.
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires.
'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, includes an Anchor Investor.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, *i.e.*, Designated SCSB Branches for SCSBs, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Bid Lot	[●] Equity Shares.
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in all editions of the English national daily newspaper Financial Express, all editions of the Hindi national daily newspaper Jansatta, (Hindi being the regional language wherein our Registered Office is located), each with wide circulation and in case of any revision, the extended Bid/Offer Closing Date shall also be notified on the website and terminals of the Members of the Syndicate and communicated to the designated intermediaries and the Sponsor Bank, as required under the SEBI ICDR Regulations. Our Company through its IPO Committee, in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date.
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in all editions of the English national daily newspaper Financial Express, all editions of the Hindi national daily newspaper Jansatta (Hindi being the regional language wherein our Registered Office is located), each with wide circulation, and in case of any revision, the

Term	Description
	extended Bid/ Offer Opening Date also to be notified on the website and terminals of the Members of the Syndicate and communicated to the Designated Intermediaries and the Sponsor Bank, as required under the SEBI ICDR Regulations.
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 Bidders can submit their Bids, including any revisions thereof.
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made.
'Book Running Lead Managers' or 'BRLMs'	The book running lead managers to the Offer, being ICICI Securities Limited, CLSA India Private Limited, IIFL Securities Limited and JM Financial Limited.
Broker Centres	Broker centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker, provided that Retail Individual Bidders may only submit ASBA Forms at such broker centres if they are Bidding using the UPI Mechanism. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com.
'CAN' or 'Confirmation of Allocation Note'	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bidding Date.
Cap Price	The higher end of the Price Band, above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted.
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account.
CLSA	CLSA India Private Limited.
'CDP' or 'Collecting Depository Participant'	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Compliance Officer for the Offer	Compliance officer for the Offer in terms of the SEBI ICDR Regulations.
CRISIL	CRISIL Limited appointed by our Company pursuant to letter dated August 2, 2021.
CRISIL Report	Industry Report on Microfinance (October 2022) issued by CRISIL and commissioned by our Company for an agreed fees exclusively in connection with the Offer.
Cut-Off Price	Offer Price, which shall be any price within the Price Band, finalised by our Company through its IPO Committee, in consultation with the BRLMs. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investor) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com, respectively,) 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 the amounts blocked by the SCSBs are transferred from the ASBA Accounts to the Public Offer Account or the Refund Account, as the case may be, after finalisation of the Basis of Allotment, in terms of the Red Herring Prospectus following which Equity Shares will be Allotted in the Offer
Designated Intermediary(ies)	Collectively, the Syndicate, Sub-Syndicate Members/ agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect Bid cum Application Forms from the Bidders in the Offer.
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, respectively,) as updated from time to time.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms used by the Bidders, a list of which is available on the website of SEBI at

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	http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	NSE
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated August 8, 2021 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer.
Eligible NRI	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to purchase the Equity Shares.
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank and in whose favour Anchor Investors will transfer the money through direct credit/NEFT/RTGS/NACH in respect of the Bid Amount while submitting a Bid.
Cash Escrow and Sponsor Bank Agreement	The agreement dated October 25, 2022, amongst our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank(s), the Public Offer Account Bank(s), the Sponsor Bank, and the Refund Bank(s) for among other things, collection of the Bid Amounts from the Anchor Investors and where applicable, refunds of the amounts collected from Anchor Investors, on the terms and conditions thereof and for appointment of Sponsor Bank in accordance with UPI Circulars.
Escrow Collection Bank	Bank which is a clearing member and registered with SEBI as a banker to an issue, and with whom the Escrow Account(s) will be opened, in this case being Axis Bank Limited.
First or sole Bidder	The 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 thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted.
Fresh Issue	The issue of up to [●] Equity Shares aggregating up to ₹ 6,000 million by our Company.
General Information Document or GID	The General Information Document for investing in public offers, prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 issued by SEBI, suitably modified and updated pursuant to UPI Circulars and other circulars issued by SEBI. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs.
IIFL	IIFL Securities Limited.
I-Sec	ICICI Securities Limited.
JM	JM Financial Limited.
Maximum RIB Allottees	Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot.
Materiality Policy	Policy for identification of group companies, material outstanding civil litigations proceedings of our Company, our Promoters and our Directors and material creditors of the Company, pursuant to the disclosure requirements under SEBI ICDR Regulations, as adopted by the Board through its resolution dated August 1, 2021.
Mutual Fund Portion	5% of the Net QIP Portion or [●] Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Offer expenses.
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.
NBFC-SI	A systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
Non-Institutional Bidders	Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 200,000.
Non-Institutional Portion	The portion of this Offer being not less than 15% of the Offer, being [●] Equity Shares, which shall be available for allocation to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price, subject to the following and in accordance with the SEBI ICDR Regulations: (i) one-third of the Non-Institutional Portion shall be reserved for Bidders with a Bid size of more than ₹ 0.2 million and up to ₹ 1.0 million; and

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	(ii) two-third of the Non-Institutional Portion shall be reserved for Bidders with Bid size of more than ₹ 1.0 million. Provided that the unsubscribed portion in either of the sub-categories specified in (i) and (ii) above may be allocated to applicants in the other sub-category of Non-Institutional Bidders.
Offer	Initial public offering of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million (the "**Offer**"). The Offer comprises of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 6,000 million and an Offer for Sale of up to 13,695,466 Equity Shares aggregating up to ₹ [●] million.
Offer Agreement	The agreement dated August 8, 2021 among our Company, the Selling Shareholders, the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer, as amended by the amendment agreement dated October 14, 2022.
Offer for Sale	The offer for sale of up to 650,000 Equity Shares by Devesh Sachdev, up to 100,000 Equity Shares by Mini Sachdev, up to 1,400,000 Equity Shares by Honey Rose Investment Ltd, up to 1,400,000 Equity Shares by Creation Investments Fusion, LLC, up to 6,606,375 Equity Shares by Oikocredit Ecumenical Development Cooperative Society U.A. and up to 3,539,091 Equity Shares by Global Impact Funds, S.C.A., SICAR, aggregating to up to 13,695,466 Equity Shares for a cash consideration of ₹ [●] million by the Selling Shareholders.
Offer Price	The final price at which Equity Shares will be Allotted to successful ASBA Bidders in terms of the Red Herring Prospectus. The Offer Price will be decided by our Company through its IPO Committee in consultation with the BRLMs on the Pricing Date, in accordance with the Book-Building Process and in terms of the Red Herring Prospectus.
Offered Shares	Equity Shares being offered for sale by the Selling Shareholders in the Offer.
Offer Proceeds	The gross proceeds of this Offer based on the total number of Equity Shares Allotted under this Offer and the Offer Price.
Other Selling Shareholders	Oikocredit Ecumenical Development Cooperative Society U.A. and Global Impact Funds, S.C.A., SICAR.
Price Band	The price band ranging from the Floor Price of ₹ [●] per Equity Share to the Cap Price of ₹ [●] per Equity Share, including any revisions thereof. The Price Band and minimum Bid Lot, as decided by our Company acting through its IPO Committee, in consultation with the BRLMs will be advertised in all editions of the English national daily newspaper Financial Express, all editions of the Hindi national daily newspaper Jansatta (Hindi being the regional language wherein our Registered Office is located), each with wide circulation, at least two Working Days prior to the Bid/ Offer Opening Date with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites.
Pricing Date	The date on which our Company through its IPO Committee, in consultation with the BRLMs, will finalise the Offer Price.
Promoter Selling Shareholders	Devesh Sachdev, Honey Rose Investment Ltd and Creation Investments Fusion, LLC
Prospectus	The Prospectus to be filed with the RoC 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, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
Public Offer Account	The bank account opened with the Public Offer Account Bank under Section 40(3) of the Companies Act, 2013, to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date.
Public Offer Account Bank	Bank which is a clearing member and registered with SEBI as a banker to an issue, and with whom the Public Offer Account(s) will be opened, in this case being Axis Bank Limited.
'QIBs' or 'Qualified Institutional Buyers'	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
QIB Bidders	QIBs who Bid in the Offer.
QIB Portion	[●] Equity Shares, which shall be available for allocation to QIBs (including Anchor Investors) on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
QIB Bid/ Offer Closing Date	In the event our Company through its IPO Committee, in consultation with the BRLMs, decide to close Bidding by QIBs one day prior to the Bid/Offer Closing Date, the date

Term	Description
	one day prior to the Bid/Offer Closing Date; otherwise it shall be the same as the Bid/Offer Closing Date.
'Red Herring Prospectus' or 'RHP'	This red herring prospectus dated October 25, 2022, 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 price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.
Refund Account	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to Anchor Investors shall be made.
Refund Bank	The Banker to the Offer with whom the Refund Account(s) will be opened, in this case being Axis Bank Limited.
Registrar Agreement	The agreement dated August 1, 2021, entered into between 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.
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012, issued by SEBI.
'Registrar to the Offer' or 'Registrar'	Link Intime India Private Limited.
'RTAs' or 'Registrar and Share Transfer Agents'	The registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, issued by SEBI.
Resident Indian	A person resident in India, as defined under FEMA.
'Retail Individual Bidder(s)' or 'Retail Individual Investor(s)' or 'RII(s)' or 'RIB(s)'	Individual Bidders, who have Bid for the Equity Shares for an amount which is not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRI Bidders) and does not include NRIs (other than Eligible NRIs).
Retail Portion	The portion of the Net Offer being not less than 35% of the Net Offer consisting of [●] Equity Shares, available for allocation to Retail Individual Bidders as per the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price, which shall not be less than the minimum Bid Lot subject to availability in the Retail Portion, and the remaining Equity Shares to be Allotted on a proportionate basis.
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s). QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date.
'Self Certified Syndicate Bank(s)' or 'SCSB(s)'	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 or such other websites and updated from time to time.
Selling Shareholders	Devesh Sachdev, Mini Sachdev, Honey Rose Investment Ltd, Creation Investments Fusion, LLC, Oikocredit Ecumenical Development Cooperative Society U.A., and Global Impact Funds S.C.A., SICAR.
Share Escrow Agent	The share escrow agent appointed pursuant to the Share Escrow Agreement, namely Link Intime India Private Limited
Share Escrow Agreement	The agreement dated October 25, 2022, between our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees in accordance with the Basis of Allotment.
Specified Locations	Bidding centres where the Syndicate shall accept ASBA Forms from Bidders.
Specified Securities	Specified securities as defined in Regulation 2(1)(eee) of the SEBI ICDR Regulations.
Sponsor Bank(s)	Bank registered with SEBI which is appointed by the issuer to act as a conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the mandate collect requests and / or payment instructions of the UPI Bidders using the UPI Mechanism and carry out any other responsibilities in terms of the UPI Circulars, the Sponsor Bank(s) in this case being Axis Bank Limited and HDFC Bank

Term	Description
	Limited.
Sub-Syndicate Members	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect ASBA Forms and Revision Forms.
Syndicate Agreement	The agreement dated October 25, 2022, between our Company, the Registrar to the Offer, the Selling Shareholders, the BRLMs and the Syndicate Member in relation to the procurement of Bid cum Application Forms by the Syndicate.
Syndicate Member	Syndicate member as defined under Regulation 2(1)(hhh) of the SEBI ICDR Regulations, namely, JM Financials Services Limited
'Syndicate' or 'Members of the Syndicate'	the BRLMs and the Syndicate Members.
Underwriters	[●]
Underwriting Agreement	The agreement dated [●] between the Underwriters, our Company and the Selling Shareholders, entered into on or after the Pricing Date but prior to filing of the Prospectus with the RoC.
UPI Bidders	Collectively, individual investors who will Bid as (i) Retail Individual Investors in the Retail Portion, and (ii) Non-Institutional Bidders with an application size of up to ₹0.50 million in the Non-Institutional Portion, using the UPI Mechanism through ASBA Form(s) with the Designated Intermediaries. SEBI through its circular (SEBI/HO/CFD/DIL2/P/CIR/P/2022/45) dated April 5, 2022, has prescribed that all individual investors applying in public issues on or after May 1, 2022,where the application amount is up to ₹0.50 million, shall use UPI and shall provide their UPI ID in the bid-cum-application form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity).
UPI Circulars	SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular number SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2020 dated March 30, 2020, SEBI circular number SEBI/HO/CFD/DIL2/OW/P/2021/2481/1/M dated March 16, 2021 SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, 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/P/CIR/2022/75 dated May 30, 2022, and any subsequent circulars or notifications issued by SEBI in this regard.
UPI ID	ID created on Unified Payment Interface (UPI) for single-window mobile payment system developed by the National Payments Corporation of India (NPCI).
UPI Mandate Request	A request (intimating the RII by way of a notification on the UPI application and by way of a SMS directing the RII to such UPI application) to the RII initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
UPI mechanism	The bidding mechanism that may be used by a UPI Bidder to make a Bid in the Offer in accordance with UPI Circulars.
UPI PIN	Password to authenticate UPI transaction
Wilful Defaulter	Wilful defaulter as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided, however, with reference to (a) announcement of Price Band; and (b) Bid/ Offer Period, the expression "Working Day" shall mean all days on which commercial banks in Mumbai are open for business, excluding all Saturdays, Sundays or public holidays; and (c) with reference to the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, the expression 'Working Day' shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, in terms of the circulars issued by SEBI.

Technical/ Industry Related Terms/ Abbreviations

Term	Description
AI	Artificial intelligence.
ALI	Area lucrative index.
ALM	Asset liability management.
AML	Anti-money laundering.
AUM	Assets under management.
BFSI	Banking, financial services and insurance.
CAGR	Compound annual growth rate.
CARE	CARE Ratings Limited.
CGT	Continuous group training.
CORE lending system	Centralized online real-time environment lending system.
COVID-19	Coronavirus disease 2019.
CRAR	Capital to risk-weighted assets ratio.
CRISIL	CRISIL Research.
DFI	Development financial institution.
ECB	External commercial borrowing.
ECL	Expected credit loss
ERP	Enterprise resource planning.
GLP	Gross loan portfolio.
GRT	Group recognition test.
GST	Goods and services tax.
ICRA	ICRA Limited.
JLG	Joint liability group.
KYC	Know-Your-Customer.
Master Directions	Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016.
MFI	Micro finance institution.
MFIN	Micro Finance Institution Network.
ML	Machine learning.
MSME	Micro, small and medium enterprise.
NBFC	Non-banking financial company registered with the RBI.
NBFC-MFI	Non-banking financial company – microfinance institution.
NBFC-ND-SI	Systemically important non-deposit taking non-banking financial company.
NCD	Non-convertible debenture.
NGO	Non-governmental Organization.
NII	Net interest income.
NIM	Net interest margin.
NPA	Non-performing asset.
PAR	Portfolio at risk.
P/E Ratio	Price earnings ratio
RBI	The Reserve Bank of India.
RBI (RFML) Directions	Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022.
RoA	Return on assets.
RoE	Return on equity.
RPA	Robotic process automation.
SaaS	Software as a Service.
SFB	Small finance bank.
SHG	Self-help group.
VAPT	Vulnerability assessment and penetration testing.

Conventional and General Terms or Abbreviations

Term	Description
AIF	An alternative investment fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations,

Term	Description
	2012.
BSE	BSE Limited.
Category II FPI	FPIs registered as “Category II foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
CDSL	Central Depository Services (India) Limited.
CIT	Commissioner of Income Tax.
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable.
Companies Act, 1956	The erstwhile Companies Act, 1956 along with the relevant rules made thereunder.
Companies Act, 2013	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder, as amended to the extent currently in force.
CSR	Corporate Social Responsibility.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996, read with regulations framed thereunder.
DIN	Director Identification Number.
DP ID	Depository Participant’s Identity Number.
DP or Depository Participant	A depository participant as defined under the Depositories Act.
EGM	Extraordinary General Meeting.
EPS	Earnings Per Share.
FCNR	Foreign currency non-resident account.
FDI	Foreign Direct Investment.
FDI Circular	The consolidated FDI Policy Circular dated October 15, 2020, with effect from October 15, 2020 issued by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
FEMA NDI Rules	Foreign Exchange Management (Non-debt Instrument) Rules, 2019.
‘Financial Year’ or ‘Fiscal’ or ‘Fiscal Year’ or ‘FY’	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations.
Fraudulent Borrower	Fraudulent borrower as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations.
GDP	Gross domestic product.
GoI or Government or Central Government	The Government of India.
GST	Goods and services tax.
HUF	Hindu undivided family.
ICAI	The Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards of the International Accounting Standards Board.
Ind AS	Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013, as notified under Companies (Indian Accounting Standard) Rules, 2015, as amended.
Indian GAAP	Generally Accepted Accounting Principles in India, being, accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended
IPO	Initial public offering.
IST	Indian Standard Time.
N.A.	Not applicable.
‘NAV’ or ‘Net Asset Value’	Net asset value.
NEFT	National Electronic Fund Transfer.
NRE Account	Non-Resident External account.
NRI	A person resident outside India, who is a citizen of India or an overseas citizen of India cardholder within the meaning of section 7(A) of the Citizenship Act, 1955.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
‘OCB’ or ‘Overseas Corporate Body’	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which

Term	Description
	was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer.
p.a.	Per annum.
P/E Ratio	Price/earnings ratio.
PAN	Permanent account number.
PAT	Profit after tax.
RBI	Reserve Bank of India.
Regulation S	Regulation S under the U.S. Securities Act
RTGS	Real time gross settlement.
Rule 144A	Rule 144A under the U.S. Securities Act
SCRA	Securities Contracts (Regulation) Act, 1956.
SCRR	Securities Contracts (Regulation) Rules, 1957.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996.
State Government	The government of a state in India.
Stock Exchanges	Collectively, the BSE and NSE.
STT	Securities transaction tax.
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
TAN	Tax deduction account number.
TDS	Tax deducted at source.
U.S. GAAP	Generally accepted accounting principles of the United States of America.
U.S. Investment Company Act	U.S. Investment Company Act of 1940, as amended.
U.S. Securities Act	U.S. Securities Act of 1933, as amended.
VAT	Value added tax.
VCFs	Venture capital funds as defined in and registered with SEBI under SEBI VCF Regulations.
Year/ Calendar Year	The 12 month period ending December 31.

Words and expressions used but not defined herein shall have the same meaning as is assigned to such terms in the SEBI ICDR Regulations, the Companies Act, the SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

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

Page Numbers

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

Currency and Units of Presentation

All references to *"Rupee(s)"*, *"Rs."* or "₹" or "*INR*" are to Indian Rupees, the official currency of the Republic of India. All references to *"US$"* or *"U.S. Dollars"* or *"USD"* are to United States Dollars, the official currency of the United States of America. All references to "EUR" or "€" are to Euro, the official currency of the European Union.

Exchange Rates

This Red Herring Prospectus contains conversions of certain other currency amounts into Rupees that have been presented solely to comply with the requirements of the SEBI ICDR Regulations. Unless otherwise stated, the exchange rates referred to for the purpose of conversion of foreign currency amounts into Rupee amounts, are as follows:

(*in ₹*)

Currency		Exchange rate as at			
	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
USD	78.94	74.35	75.81	73.50	75.39

Source: www.fbil.org.in

Such conversion should not be considered as a representation that such currency amounts have been, could have been or can be converted into Rupees at any particular rate, the rates stated above or at all.

Time

All references to time in this Red Herring Prospectus are to Indian Standard Time.

Financial and Other Data

Unless stated or the context requires otherwise, the financial information in this Red Herring Prospectus is derived from our Restated Financial Statements. The Restated Ind AS Statement of Assets and Liabilities as at June 30, 2022, June 30, 2021, March 31, 2022, 2021 and 2020, the Restated Ind AS Statement of Profit and Loss (including other comprehensive income (OCI),the Restated Ind AS Statement of Cash Flows, the Restated Ind AS Statement of Changes in Equity for the three months period ended June 30, 2022, June 30, 2021, and year ended March 31, 2022, March 31, 2021 and March 31, 2020, the Statement of Significant Accounting Policies and other explanatory notes thereon, derived from special purpose Interim Ind AS Financial Statements for the three months period ended June 30, 2022, and interim Ind AS Financial Statements for the three months period ended June 30, 2021 prepared in accordance with Ind AS 34, and year ended March 31, 2022, March 31, 2021 and March 31, 2020, together with the annexures and notes thereto, prepared as per Ind AS and restated in accordance with the SEBI ICDR Regulations, as amended and SEBI circular no. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016, as amended, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI and as per Section 26 of Part I of Chapter III of the Companies Act. For further details, please see "*Financial Statements*" on page 248. Please note that the audited financial statements as at and for the (i) financial year ended March 31, 2020, March 31, 2021, March 31, 2022 and three months period ended June 30, 2021 were audited by our Previous Auditor; and (ii) three months period ended June 30, 2022 were audited by our Statutory Auditor.

There are significant differences between Indian GAAP, Ind AS, 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 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 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, and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Red Herring Prospectus should, accordingly, be limited.

Our Company's fiscal year commences on April 1 of each year and ends on March 31 of the next year. Accordingly, all references to a particular fiscal year (referred to herein as "**Fiscal**", "**Fiscal Year**" or "**FY**") are to the 12 months period ended March 31 of that particular year, unless otherwise specified.

The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year are not comparable to the period of 3 months commencing on April 1 of the calendar year and ending on June 30 of that particular calendar year.

All the figures in this Red Herring Prospectus have been presented in million or in whole numbers where the numbers have been too small to present in million unless stated otherwise. One million represents 1,000,000 and one billion represents 1,000,000,000. Certain figures contained in this Red Herring Prospectus, including financial information, have been subject to rounding adjustments. In this Red Herring Prospectus, any discrepancies in any table between the totals and the sums of the amounts listed are due to rounding off. All per share and percentage figures and other figures in decimals have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, figures sourced from third-party industry sources may be expressed in denominations other than million or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Unless the context otherwise indicates, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business"* and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 27, 171 and 331, respectively, and elsewhere in this Red Herring Prospectus have been calculated on the basis of amounts derived from the Restated Financial Statements.

Non-GAAP Financial Measures

Certain non-GAAP measures such as, Pre-provision operating profit before tax, EBITDA, net worth, average net worth, net interest income, average borrowing, return on net worth, return on average gross AUM, return on average net worth, average borrowings to average net worth, average net worth to average gross AUM, debt to equity ratio, net asset value per Equity Share, operating expenses, impairment on loan portfolio to average gross loan portfolio, credit loss ratio, credit cost (based on average gross AUM), operating expenses to total income ratio, cost to income ratio, AUM (**"Non-GAAP Measures"**) and certain other statistical information relating to our operations and financial performance presented in this Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its utility as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance. In this regard, see "*Internal Risks – Risks relating to our business – We have presented, in this Red Herring Prospectus, certain non-GAAP financial measures and certain selected statistical information relating to our financial condition and operations. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore, may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.*" on page 51.

Industry and Market Data

The industry and market data set forth in this Red Herring Prospectus have been obtained or derived from publicly available information as well as industry publications and sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable.

In accordance with the SEBI ICDR Regulations, "*Basis for Offer Price*" on page 107 includes information relating to our listed peer group companies. Accordingly, no investment decision should be made solely on the basis of such information.

The extent to which industry and market data set forth in this 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 we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors*" on page 23.

This Red Herring Prospectus contains certain industry and market data and statements concerning our industry obtained from CRISIL Report (which has been commissioned by our Company for an agreed fees exclusively in connection with the Offer) which is subject to the disclaimer mentioned below. Further CRISIL Limited, vide their letter dated October 13, 2022 ("**Letter**") has accorded their no objection and consent to use the CRISIL Report. CRISIL Limited, vide their Letter has also confirmed that they are an independent agency, and confirmed that CRISIL Limited is not related to our Company, our Directors, our Promoters or our Key Managerial Personnel. A copy of the CRISIL Report is available on the website of our Company at https://fusionmicrofinance.com/wp-content/uploads/2022/10/Consent-Letter-CRISIL.pdf.

Disclaimer:

*"CRISIL Market Intelligence & Analytics (MI&A) ("**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. **Fusion Micro Finance Limited** will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL MI&A operates independently of and does not have access to information obtained by CRISIL 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."*

Notice to Prospective Investors in the United States

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the U.S. Securities Act ("**U.S. Persons**") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Our Company has not registered and does not intend to register under the U.S. Investment Company Act. Accordingly, the Equity Shares are only being offered and sold (i) to persons in the United States or to, or for the account or benefit of, U.S. Persons, in each case that are both "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Red Herring Prospectus as "U.S. QIBs"; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Red Herring Prospectus as "**QIBs**") and "qualified purchasers" (as defined under the U.S. Investment Company Act and referred to in this Red Herring Prospectus as "**QPs**") in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and in reliance upon section 3(c)(7) of the U.S. Investment Company Act; or (ii) outside the United States to investors that are not U.S. Persons nor persons acquiring for the account or benefit of U.S. Persons in offshore transactions 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 Equity Shares may not be re-offered, re-sold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S to a person outside the United States and not known by the transferor to be a U.S. Person by pre-arrangement or otherwise (including, for the avoidance of doubt, a bona fide sale on BSE or NSE). See "*Terms of the Offer – Eligibility and Transfer Restrictions*" on page 405.

As we are relying on an analysis that our Company does not come within the definition of an "investment company" under the U.S. Investment Company Act because of the exception provided under Section 3(c)(7) thereunder, our Company may be considered a "covered fund" as defined in the Volcker Rule. See "*Risk Factors External Risks – Risks Relating to our Equity Shares and this Offer - U.S. regulation of investment activities may negatively affect the ability of banking entities to purchase our Equity Shares*" on page 62.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made, by persons in any such jurisdiction except in compliance with the applicable laws of such jurisdiction.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain "forward-looking statements". All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward looking statements, which include statements with respect to our business strategy, our revenue and profitability, our goals and other matters discussed in this Red Herring Prospectus regarding matters that are not historical facts. These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "goal", "expect", "estimate", "intend", "objective", "plan", "project", "should" "will", "will continue", "seek to", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, 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 laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Extent to which the Coronavirus disease affects our business and operations in the future;
- Increase in the level of our NPAs;
- Wide presence of our branches and the large number of branches and related operational issues;
- Restrictions imposed by the regulations governing the financial services industry, including the provisions of NBFC-ND-SI Master Directions and RBI (RFML) Directions;
- Large number of our collections and disbursements from customers being in cash;
- Nature of the category of borrowers we cater to;
- Downgrading of our credit ratings;
- Reliance on accuracy of information about borrowers and counterparties for credit assessment and risk management;
- Volatility in interest rates; and
- Disruptions in our sources of funding or any increase in cost of funding.

For a further discussion of factors that could cause our actual results to differ from our expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 27, 171 and 331, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect our views as of the date of this Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on the currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. None of our Company, Directors, the Selling Shareholders, and the BRLMs or 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. 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.

In accordance with regulatory requirements, our Company will ensure that investors in India are informed of material developments from the date of filing of this Red Herring Prospectus until the date of Allotment. Each Selling Shareholder will, severally and not jointly, ensure that investors are informed of material developments in relation to the statements and undertakings expressly made by such Selling Shareholder in this Red Herring Prospectus until the date of Allotment.

SUMMARY OF THE OFFER DOCUMENT

This section is a general summary of certain disclosures included in this Red Herring Prospectus and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Red Herring Prospectus, including the sections titled "Risk Factors", "Our Business", "Industry Overview", "Capital Structure", "The Offer" and "Outstanding Litigation and Material Developments" on pages 27, 171, 117, 79, 68 and 379 respectively of this Red Herring Prospectus.

Summary of Business

We are a microfinance company providing financial services to underserved women across India in order to facilitate their access to greater economic opportunities. We had the fourth fastest gross loan portfolio CAGR of 53.89% between the financial years 2017 and 2021 among the 10 largest NBFC-MFIs in India, and we were one of the youngest companies (in terms of getting an NBFC-MFI license) among the top NBFC-MFIs in India in terms of AUM as of June 30, 2022, according to CRISIL. As of June 30, 2022 and March 31, 2022, 2021 and 2020, our total AUM was ₹73,890.23 million, ₹67,859.71 million, ₹46,378.39 million and ₹36,065.24 million, respectively. As of June 30, 2022, we had 2.90 million active borrowers which were served by our 966 branches and 9,262 permanent employees spread across 377 districts in 19 states and union territories in India.

Summary of Industry

The microfinance industry has recorded healthy growth in the past few years. The industry's gross loan portfolio increased at a CAGR of 21% since the financial year 2018 to reach approximately ₹3.1 trillion in the first quarter of the financial year 2023. The growth rate for NBFC-MFIs is the fastest as compared to other player groups. The demand for microfinance products and services has increased due to improving awareness and reach leading to increased volumes, as well as rise in inflation and higher number of borrowers in higher loan cycles driving higher ticket sizes.

Promoters

Our Promoters are Devesh Sachdev, Creation Investments Fusion, LLC, Creation Investments Fusion II, LLC and Honey Rose Investment Ltd.

Offer Size

Offer	[●] Equity Shares, aggregating up to ₹ [●] million
of which	
Fresh Issue[(1)]	[●] Equity Shares, aggregating up to ₹ 6,000 million
Offer for Sale[(2)]	Up to 13,695,466 Equity Shares, aggregating up to ₹ [●] million by the Selling Shareholders

(1) Our Board has authorised the Offer, pursuant to their resolution dated July 25, 2021. Our Shareholders have authorised the Offer pursuant to their resolution dated July 27, 2021. Our Board has approved the Fresh Issue size pursuant to its resolution dated July 25, 2021.

(2) Each Selling Shareholder, severally and not jointly, confirms that the Offered Shares have been held by such Selling Shareholder for a period of at least one year immediately preceding the date of the Draft Red Herring Prospectus with the SEBI and are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For details of authorizations received for the Offer for Sale, see "Other Regulatory and Statutory Disclosures" on page 386.

Objects of the Offer

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

Particulars	**Amount (In ₹ million)**
Augment the capital base of our Company	6,000
Net Proceeds	[●]

Pre-Offer Shareholding of Promoters, Promoter Group and Selling Shareholders

Name of shareholder	Pre-Offer		Post-Offer	
	No. of Equity Shares	Percentage of pre-Offer capital	No. of Equity Shares	Percentage of post-Offer capital
Promoters				
Honey Rose Investment Ltd*	41,022,730	48.65	[●]	[●]
Creation Investments Fusion, LLC*	15,321,043	18.17	[●]	[●]
Creation Investments Fusion II, LLC	9,954,529	11.80	[●]	[●]
Devesh Sachdev*	5,552,414	6.58	[●]	[●]
Total (A)	**71,850,716**	**85.21**	[●]	[●]
Promoter Group				
Mini Sachdev*	309,500	0.36	[●]	[●]
Devesh Sachdev Family Private Trust	1,000	Negligible		
Total (B)	**310,500**	**0.36**	[●]	[●]
Selling Shareholders (other than Honey Rose Investment Ltd, Creation Investments Fusion, LLC, Devesh Sachdev and Mini Sachdev)				
Oikocredit Ecumenical Development Cooperative Society U.A	6,606,375	7.83	[●]	[●]
Global Impact Funds, S.C.A., SICAR	3,539,091	4.20	[●]	[●]
Total (C)	**10,145,466**	**12.03**	[●]	[●]
Total (A+B+C)	**82,306,682**	**97.60**	[●]	[●]

**Also one of the Selling Shareholders.*

Summary of Select Financial Information

The details of certain financial information as set out under the SEBI ICDR Regulations as at and for the Financial Years ended March 31, 2022, 2021, and 2020 and three months period ended June 30, 2022, and June 30, 2021, derived from the Restated financial statements are as follows:

(in ₹ million, except per share data)

Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Equity share capital	827.84	790.66	827.60	790.37	789.50
Other equity	13,336.81	11,725.85	12,551.91	11,673.18	11,199.39
Total equity*	14,164.65	12,516.51	13,379.51	12,463.55	11,988.89
Net asset value per equity share**	171.10	151.50	161.67	150.92	145.32
Debt securities	7,537.66	9,858.61	7,837.76	9,904.50	3,998.98
Borrowings (other than debt securities)	50,935.37	33,270.45	48,294.66	33,250.79	24,571.58
Subordinated liabilities	1,626.66	1,097.46	1,625.67	1,167.21	1,166.29
Total Borrowings***	60,099.69	44,226.52	57,758.09	44,322.50	29,736.85

** Total equity includes equity share capital and other equity as of the last day of the relevant period/year.*
*** Net Asset Value per Equity Share is calculated as Total Equity as of the end of relevant period/year divided by the number of Equity shares outstanding at the end of such period/year. For a detailed calculation of our Net Asset Value per Equity Share, see "Other Financial Information – Non-GAAP Reconciliation" on page 323.*
**** Total borrowing is summation of Debt securities, Borrowings (other than debt securities) and Subordinated liabilities at the end of the period/year derived from Restated financial statements.*

(in ₹ million except per share data)

Particulars	Three months period ended June 30, 2022	Three months period ended June 30, 2021	Fiscal 2022	Fiscal 2021	Fiscal 2020
Total revenue from operations	3,427.20	2,595.42	11,512.65	8,558.12	7,202.64
Profit for the period/year	751.02	44.11	217.55	439.44	696.10
Earning per share*					
Basic - par value of Rs.10 each	9.07	0.56	2.67	5.56	10.47
Diluted - par value of Rs.10 each	8.98	0.55	2.64	5.49	10.32

**Not annualised for the period ended June 30, 2022 and June 30, 2021*

Qualifications of the Statutory Auditor which require adjustments to the Restated Financial Statements

There are no qualifications by the Statutory Auditor, which require any adjustments to the Restated Financial Statements.

Summary of Outstanding Litigation and Material Developments

A summary of outstanding litigation proceedings involving our Company, our Directors and our Promoters, as disclosed in this Red Herring Prospectus as per the Materiality Policy, is provided below:

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material Civil Litigations	Aggregate amount involved (₹ in million)*
Company						
By our Company	309	-	-	-	-	57.18
Against our Company	-	-	2	-	-	1.35
Directors						
By our Directors	-	-	-	-	-	-
Against our Directors	-	2	-	-	1	776.31**
Promoters						
By our Promoters	-	-	-	-	-	-
Against our Promoters	-	-	-	-	-	-

* *Amount to the extent quantifiable*
** *Includes a joint claim against one of our nominee directors. For further details of the outstanding litigation proceedings, see "Outstanding Litigation and Material Developments" on page 382.*

Further, there are no litigation involving the Group Companies having a material impact on our Company

For further details of the outstanding litigation proceedings, see "*Outstanding Litigation and Material Developments*" on page 379.

Risk Factors

The top 5 risk factors associated with our Company are:

- the extent to which COVID-19 may affect our business and operations in the future is uncertain and cannot be predicted;
- an increase in the level of our NPAs or our provisions may adversely affect our business, financial condition, results of operations and cash flows;
- we may face various risks associated with our large number of branches and widespread network of operations;
- certain provisions of the NBFC-ND-SI Master Directions and the RBI (RFML) Directions impose requirements that restrict our business, results of operations and growth; and
- a large portion of our collections and disbursements from customers are in cash, exposing us to certain operational risks.

Please see "*Risk Factors*" on page 27. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer.

Contingent liabilities

As of June 30, 2022, contingent liabilities as per Ind AS 37 as derived from our Restated Financial Statements are nil.

For further details of contingent liabilities as per Ind AS 37 as at June 30, 2022, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Outstanding Litigation and Material*

Developments” and “*Financial Statements*” on pages 331, 379 and 248, respectively.

Summary of Related Party Transactions

The following is the summary of transactions of three months period ended June 30, 2022, and June 30, 2021, (each, also referred to as for the period ended June 30, 2022 and for the period ended June 30, 2021) and for the Financial Years ended March 31, 2022, March 31, 2021 and March 31, 2020 (each, also referred to as years ended March 31, 2022, March 31, 2021 and March 31, 2020) as per Ind AS 24 - Related Party Disclosures read with the SEBI ICDR Regulations and derived from Restated Financial Statements:

(₹ in millions, except options granted)

Name of the related party	Nature of transaction	Three months period ended June 30, 2022	Three months period ended June 30, 2021	Fiscal 2022	Fiscal 2021	Fiscal 2020
Mr. Devesh Sachdev	Managerial remuneration*	28.64	22.02	37.50	25.91	13.45
	Allotment of equity shares	-	-	641.51	-	0.84
Mr. Gaurav Maheshwari	Remuneration*	4.25	3.77	8.39	6.51	4.18
	Options granted (in number)	-	-	20,000	30,000	75,000
Mr. Deepak Madaan	Remuneration*	2.26	1.97	4.50	3.42	1.97
	Options granted (in number)	-	-	7,500	25,000	75,000
Creation Investments Fusion, LLC, Chicago, U.S.A.	Reimbursement of Travelling Expenses	-	-	-	0.10	0.15
Creation Investments Fusion II, LLC, Chicago, U.S.A.	Allotment of equity shares (including share premium)	-	-	-	-	1,400.00
Honey Rose Investment Ltd ("Warburg Pincus")	Allotment of equity shares (including share premium)	-	-	-	-	3,600.00
Nitin Gupta	Sitting fees	-	-	-	-	0.10
	Reimbursement of Travelling Expenses	-	-	-	-	-
Pradip Kumar Saha	Sitting fees	-	-	-	0.48	0.52
	Reimbursement of Travelling Expenses	-	-	-	-	0.05
Ms. Ratna Vishwanathan	Sitting fees	0.35	0.18	1.26	0.60	0.37
Ms. Namrata Kaul	Sitting fees	0.33	0.28	1.45	0.47	0.07
Mr. Shobinder Duggal	Sitting fees	-	0.10	0.43	-	-
Mr. Pankaj Vaish	Sitting fees	0.28	-	0.75	-	-
	Reimbursement of Travelling Expenses	0.11	-	0.03	-	-
Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund	Investment	-	-	21.35	1.81	19.00
Vivriti Capital Private Limited	Proceeds from Subordinated debt	-	-	250.00	-	-
Vivriti Capital Private Limited	Loan processing fees	-	-	3.75	-	-
Vivriti Capital Private Limited	Interest payment	8.01	-	-	-	-
Vivriti Asset Management	Proceeds from debt securities	350.00	-	-	-	-
Vivriti Asset Management	Interest payment	7.78	-	-	-	-
Total sum of related party transactions**		52.00	28.32	58.06	37.49	20.86
Total Income		3,604.47	2,649.58	12,013.49	8,730.88	7,303.11

(₹ in millions, except options granted)

Name of the related party	Nature of transaction	Three months period ended June 30, 2022	Three months period ended June 30, 2021	Fiscal 2022	Fiscal 2021	Fiscal 2020
Related party transactions as percentage of Total Income (in %)		1.44	1.07	0.48	0.43	0.29

* *As the provision for gratuity, leave compensation and share based compensation is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above. The above remuneration details are in the nature of short term benefits.*

** *Total sum represents arithmetic absolute aggregate total of related party transactions is excluding, allotment of Equity Shares, amount received against partly paid up shares, number of options granted, proceeds from debt securities, proceeds from subordinated debt and investments.*

For details of the related party transactions, see *"Related Party Transactions"* on page 246.

Financing Arrangements

There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company during a period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus and this Red Herring Prospectus.

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

Each of our Promoters, severally and not jointly, confirm that they have not acquired any Equity Shares in the one year preceding the date of this Red Herring Prospectus. Additionally, each of our Selling Shareholders, severally and not jointly, confirm that they have not acquired any Equity Shares in the one year preceding the date of this Red Herring Prospectus.

For further details, see "*Capital Structure*" on page 79.

Average Cost of Acquisition

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

S. No.	Category of Shareholders	Average Cost of Acquisition per Equity Share (in ₹)*
A.	**Promoters**	
1.	Devesh Sachdev	117.63
2.	Creation Investments Fusion, LLC	104.07
3.	Creation Investments Fusion II, LLC	220.10
4.	Honey Rose Investment Ltd	194.94
B.	**Selling Shareholders (other than Devesh Sachdev, Creation Investments Fusion, LLC and Honey Rose Investment Ltd)**	
5.	Mini Sachdev	16.02
6.	Oikocredit Ecumenical Development Cooperative Society U.A.	87.13
7.	Global Impact Funds, S.C.A., SICAR	100.59

* *As certified by K. K. Mankeshwar & Co., Chartered Accountants, by way of their certificate dated October 25, 2022.*

For further details, see "*Capital Structure*" on page 79.

Details of price at which the Specified Securities were acquired by our Promoters, member of Promoter Group, the Selling Shareholders and other shareholders with rights to nominate directors or any other right, in the last three years

The details of price at which Specified Securities were acquired by our Promoters, members of the Promoter Group, the Selling Shareholders and other shareholders with rights to nominate directors or any other right in the last three years preceding the date of this Red Herring Prospectus is as set out below:

S. No.	Name of the acquirer/shareholder	Date of acquisition of Equity Shares	Number of Equity Shares acquired	Price of acquisition of per Equity Share (in ₹)	Nature of acquisition
Promoters					
1.	Creation Investments Fusion II, LLC	December 20, 2019	4,819,609	290.48	Preferential allotment
2.	Honey Rose Investment Ltd	December 20, 2019	12,393,280	290.48	Preferential allotment
3.	Devesh Sachdev	December 20, 2019	843,264	290.48*	Allotment
Members of the Promoter Group					
1.	Devesh Sachdev Family Private Trust	September 29, 2022	1,000	Nil	Transfer
2.	Mini Sachdev	June 04, 2021	4,500	290.48	Transfer
Selling Shareholders					
1.	Honey Rose Investment Ltd	December 20, 2019	12,393,280	290.48	Preferential allotment
2.	Devesh Sachdev	December 20, 2019	843,264	290.48*	Allotment
3.	Mini Sachdev	June 04, 2021	4,500	290.48	Transfer

**These Equity Shares were fully paid up on July 30, 2021*

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

Period	Weighted average cost of acquisition (in ₹)^	Cap Price is 'x' times the weighted average cost of acquisition^*	Range of acquisition price: lowest price – highest price (in ₹)^
Last one year preceding the date of this Red Herring Prospectus	Nil	[●]	Nil
Last eighteen months preceding the date of this Red Herring Prospectus	Nil	[●]	Nil
Last three years preceding the date of this Red Herring Prospectus	290.48	[●]	0

** The details shall be included upon finalisation of Price Band.*
^As certified by K. K. Mankeshwar & Co., Chartered Accountants, by way of their certificate dated October 25, 2022.

Details of pre-IPO placement

Our Company does not contemplate any issuance or placement of Equity Shares from the date of this Red Herring Prospectus until the listing of the Equity Shares

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

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

Split / Consolidation of Equity Shares in the last one year

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

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

Our Company has not made any application under Regulation 300(2) of the SEBI ICDR Regulations for seeking exemption from strict compliance with any provisions of securities laws, as on the date of this Red Herring Prospectus.

SECTION II - RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described below are not the only ones relevant to us or our Equity Shares and the industry in which we currently operate or to India. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, financial condition, results of operations 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, financial condition, results of operations and cash flows could suffer, the trading price of and the value of your investments in our Equity Shares could decline, and you may lose all or part of your investment.

To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Industry Overview", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 117, 171 and 331, respectively, as well as the financial, statistical and other information contained in this Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.

This 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 Red Herring Prospectus. See "Forward-Looking Statements" on page 19.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from our Restated Financial Statements.

Unless otherwise indicated, the industry-related information contained in this Red Herring Prospectus is derived from the CRISIL Report dated October 2022 which has been commissioned and paid for by our Company for an agreed fee for the purposes of confirming our understanding of the industry exclusively in connection with the Offer. A copy of the CRISIL Report is available on the website of our Company at https://fusionmicrofinance.com/wp-content/uploads/2022/10/Consent-Letter-CRISIL.pdf. We officially engaged CRISIL Research, a division of CRISIL Limited, in connection with the preparation of the CRISIL Report on March 13, 2021. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant financial year.

INTERNAL RISKS

Risks Relating to our Business

1. ***The extent to which the Coronavirus disease ("COVID-19") may affect our business and operations in the future is uncertain and cannot be predicted.***

   The spread of the COVID-19 pandemic and related lockdowns and movement restrictions during 2020 and 2021 adversely impacted our business and financial condition. There remains significant uncertainty regarding the duration and long-term impact of the COVID-19 pandemic, as well as possible future actions by the Government (for example, as a result of new variants of the virus such as Omicron), which makes it very difficult for us to predict with certainty the impact that COVID-19 will have on our business, financial condition, results of operations and cash flows in the future. Further, one or more states where we have operations may impose additional regional or local lockdowns. The COVID-19 pandemic has affected and may continue to affect our business, financial condition, results of operations and cash flows in a number of ways such as:

- it may lead to a closure of our offices or require us to operate them with limited personnel or to a suspension of our field operations, all of which would restrict the ability of our employees to physically service our existing customers and engage with potential new customers to market our product and services offerings, carry out KYC and other customer due diligence processes, conduct loan applications and disbursements and collect loan repayments. This limited the number of new customers we acquired during the financial year 2021, and we had 2.12 million active borrowers as of March 31, 2021 as compared to 1.87 million as of March 31, 2020. With the subsequent lifting of COVID-19 restrictions to various extents, our total borrowers increased to 2.72 million and 2.90 million as of March 31, 2022 and June 30, 2022, respectively.

- at the onset of the pandemic, we closed our offices and suspended field operations at the commencement of the lockdown, moving to a work-from-home model. We were able to resume operations at our branches from May 2020 and field operations from June 2020 in a gradual manner in accordance with guidelines issued by government authorities. As a result of the restrictions and social distancing measures being reinstated throughout March and April 2021 mentioned above, although we have been able to keep our branches open, we have adjusted our operations to ensure the safety of our employees and customers in line with the applicable local guidelines;

- our customers who are primarily in the low and middle-income groups have less financial wherewithal than other customers and may face difficulties with their ability to make timely repayments on their loans with us whether due to a decrease in their earnings or other strains on their financial position as a result of COVID-19. We witnessed an increase in our gross NPA ratio from 1.12% as of March 31, 2020 to 5.51% as of March 31, 2021 and to 5.71% as of March 31, 2022, which decreased to 3.67% as of June 30, 2022; an increase in our impairment loss allowance from ₹982.36 million as of March 31, 2020 to ₹2,853.02 million as of March 31, 2021, and to ₹3,603.50 million as of March 31, 2022, which decreased to ₹2,442.74 million as of June 30, 2022; as well as a decrease in our collection efficiency rate from 98.36% for the financial year 2020 to 96.38% for the financial year 2021, and to 92.32% for the financial year 2022, which increased to 95.22% for the three months ended June 30, 2022, respectively;

- on March 27, 2020, the RBI issued guidelines relating to the COVID-19 regulatory package to provide borrowers relief during the COVID-19 pandemic. This included a three-month moratorium on the payment of all principal amounts and interest falling due between March 1, 2020 and May 31, 2020. The RBI subsequently extended the moratorium on loan instalments by another three months, from June 1, 2020 to August 31, 2020. For further details, see "*Key Regulations and Policies – COVID-19 Regulatory Framework*" on page 208. Accordingly, we offered moratorium on the payment of all instalments including interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers. Moratorium was granted by us to a total of 1,763,955 borrowers valued at ₹1,685.82 million to be repaid by borrowers over a period of up to 24 months. On September 3, 2020, the Supreme Court of India ordered a standstill on NPA recognition due to a number of pleas filed before it regarding issues relating to the extension of the loan moratorium and interest charges. On March 23, 2021, in response to various writ petitions filed by corporate bodies, business associations and individuals, the Supreme Court of India issued a judgment rejecting pleas for, among other things, the extension of the moratorium and the ordering of a complete interest waiver. The Supreme Court of India also lifted the temporary freeze on NPA classification by banks, financial institutions and NBFCs;

- in comparison to the Company's pre-COVID ECL allowance of ₹982.36 million recorded in respect of the Company's loans and advances as of March 31, 2020, our Company recorded an ECL allowance of ₹2,853.02 million, ₹3,603.50 million and ₹2,442.74 million in respect of its loans and advances as of March 31, 2021 and 2022 and June 30, 2022, respectively, based on the information available at that point in time, to reflect, among other things, an increased risk of adverse macro-economic factors caused by the waves of the COVID-19 pandemic in India occurring during the financial years 2021 and 2022 and the three months ended June 30, 2022, respectively.

- in comparison to our pre-COVID average tenure of loans of 6.79 months in respect of our loans disbursed up to March 31, 2021, our post-COVID average tenure of loans was 19.80 months in respect of our loans disbursed from April 1, 2021 to June 30, 2022;

- our ability to access debt and equity capital on acceptable terms, or at all, may be impaired. A further disruption and instability in the global financial markets or deterioration in credit and financing conditions or downgrade of our or India's credit rating may affect our access to capital and other sources of funding necessary to fund our operations or address maturing liabilities on a timely basis; and

- it may also result in (i) a material decline in general business activity, which may result in a slowing down of disbursements, (ii) uncertainty as to what conditions must be satisfied before government authorities fully remove the "stay-at-home" orders and when such orders would be fully removed, (iii) a potential negative impact on the health of our personnel, particularly if a significant number of them are afflicted by COVID-19, which could result in a deterioration in our ability to ensure business continuity during and/or after this disruption, and (iv) increased risks emanating from an increase in number of individuals working from home such as issues relating to productivity, connectivity and oversight challenges.

While COVID-19 has directly affected our business and operations, there is significant uncertainty regarding the duration and impact of the COVID-19 pandemic, as well as possible future responses, which makes it impossible for us to predict with certainty the impact that COVID-19 will have on our business, financial condition, results of operations and cash flows in the future. Our Company's performance will depend on further developments relating to COVID-19 such as, among other things, new information concerning the severity of the pandemic and subsequent waves of infections in India and elsewhere. As the situation continues to evolve, the effect of COVID-19 on the operations of our Company may be different from that estimated as of the date of this Red Herring Prospectus. Our Company continues to closely monitor changes in the markets and future economic conditions.

Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, financial condition and results of operations. Further, as COVID-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many of the other risks described in this "*Risk Factors*" section. See also "*– The examination report of our Statutory Auditors on the Restated Financial Statements makes references to certain qualifications.*" and "*Management's Discussions and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations – Current COVID-19 Pandemic*" on pages 34 and 338, respectively.

2. ***An increase in the level of our NPAs or our provisions may adversely affect our business, financial condition, results of operations and cash flows.***

Our management of credit risk involves having appropriate credit policies, underwriting standards, approval processes, loan portfolio monitoring, collection and remedial management, provisioning policies and an overall architecture for managing credit risk. However, even if our credit monitoring and risk management policies and procedures are adequate and appropriately implemented, we may not be able to anticipate future economic or financial developments or downturns, which could lead to an increase in our NPAs. If our NPAs increase or the credit quality of our borrowers deteriorate, it could have an adverse effect on our business, financial condition, results of operations and cash flows.

Pursuant to the RBI guidelines and our accounting policies, we make provisions against standard and non-performing assets, which are recognized as impairment on financial instruments in our Restated Financial Statements. The RBI also requires us to classify and, depending on the duration of non-payment of dues, to NPAs. As the number of our loans that become NPAs increases, the credit quality of our loan portfolio decreases and the provisioning requirement also will increase. The RBI has also recently published clarifications dated November 12, 2021 in relation to the prudential norms on income recognition, asset classification and provisioning pertaining to advances, under which there are clarifications and changes in relation to certain items, among others, (a) income recognition policy for loans with moratorium on payment of interest; (b) upgradation of NPA accounts as standard only in case entire arrears of interest and principal are paid by the borrower instead of only partial repayment; (c) NPA classification in case of interest payments; and (d) timeline related clarifications for classification of accounts as special mention accounts and NPAs. The RBI has also issued Scale Based Regulation: A Revised Regulatory Framework for NBFCs dated October 22, 2021 ("**Scale Based Regulation**"), under which we have revised NPA overdue period from 180 days to

90 days based on the glide path.

In addition to the relevant minimum regulatory provision, we also consider our internal estimates for loan losses and risks inherent in our loan portfolio when deciding on the appropriate level of provisioning. The determination of an appropriate level of loan losses and provisions involves a degree of subjectivity and requires that we make estimates of current credit risks, all of which may be subject to material changes. Any incorrect estimation of risks may result in our provisions not being adequate to cover any further increase in the amount of NPAs or any further deterioration in our NPA portfolio. Further, the RBI may introduce regulations relaxing the provisioning requirements in relation to a class or classes of borrowers, which will affect our ability to create an appropriate level of provisioning. For example, on February 7, 2018, the RBI notified that MSME borrowers registered under goods and services tax ("**GST**") will not be classified as NPAs based on the standard delinquency norm of 120 days applicable to borrowers of NBFCs, subject to the fulfilment of certain prescribed conditions.

The following table sets forth the classification of our loans, as of the dates indicated:

Particulars	**As at June 30,**		**As at March 31,**		
	2022	**2021**	**2022**	**2021**	**2020**
			(₹ in millions)		
Gross carrying value:					
Stage I	65,528.10	40,051.52	57,890.26	40,763.84	33,861.54
Stage II	894.22	3,751.98	1,310.91	3,137.58	166.06
Stage III	2,529.39	2,888.90	3,584.27	2,558.90	384.49
Total gross carrying value	**68,951.71**	**46,692.40**	**62,785.44**	**46,460.32**	**34,412.09**
ECL allowance:					
Stage I	510.75	743.93	597.12	449.56	645.31
Stage II	330.29	1,135.90	452.39	868.23	83.02
Stage III	1,601.71	1,576.21	2,553.99	1,535.23	254.04
Total ECL allowance	**2,442.74**	**3,456.04**	**3,603.50**	**2,853.02**	**982.36**
Net carrying value*:					
Stage I	65,017.35	39,307.59	57,293.14	40,314.28	33,216.23
Stage II	563.93	2,616.08	858.52	2,269.35	83.04
Stage III	927.68	1,312.69	1,030.28	1,023.67	130.45
Total net carrying value	**66,508.97**	**43,236.36**	**59,181.94**	**43,607.30**	**33,429.73**

**Net carrying value is equal to gross carrying value less ECL allowance.*

We made provisions with respect to our NPA portfolio (i.e. Stage III assets) of 63.32%, 54.56%, 71.26%, 60.00% and 66.07% in the three months ended June 30, 2022 and 2021, and the financial years 2022, 2021 and 2020, respectively. For further details on how we classify and make provisions for our loans, see "*Selected Statistical Information – Financial Metrics – Classification of Assets*" beginning on page 361.

Our ability to limit and reduce NPAs is subject to a number of factors outside of our control including, among others, developments in the Indian and global economy, domestic and global political scenario, competition, changes in customer behavior and demographic patterns, various central and state government decisions (including farm loan waivers), changes in interest rates and exchange rates and changes in regulations, including regulations requiring us to lend to certain sectors identified by the RBI, or the Government of India. These factors, together with other factors such as volatility in commodity markets, decrease in agriculture productivity and decline in business and consumer confidence, could affect our customers and, in turn, affect their ability to fulfil their obligations under the loans we extended to them. In addition, the expansion of our business may cause our NPAs to increase and the overall quality of our loan portfolio to deteriorate. If our NPAs increase, we will be required to increase our provisions, which would result in our net profit being less than it otherwise would be and could adversely affect our business, financial condition and results of operations.

3. We may face various risks associated with our large number of branches and widespread network of operations.

As of June 30, 2022, we had 2.90 million active borrowers, which were served by our 966 branches across 19 states in India, with the five states of Bihar, Uttar Pradesh, Odisha, Madhya Pradesh and Tamil Nadu together accounting for ₹48,854.21 million or 66.12% of our AUM as of the same date. As a consequence of our large network, we may be exposed to certain risks, including those relating to, among others:

- developing and improving our product delivery channels;
- upgrading, expanding and securing our technology platforms;
- maintaining high levels of customer satisfaction;
- difficulties arising from operating a larger and more complex organization;
- difficulties arising from coordinating and consolidating corporate and administrative functions;
- delay in the transfer of data among various locations;
- failure to efficiently and optimally allocate management, technology and other resources across our branch network;
- failure to manage third-party service providers in relation to any outsourced services;
- difficulties in the integration of new branches with our existing branch network;
- difficulties in supervising local operations from our centralized locations;
- risk of our employees being the target of violent crimes such as thefts and robberies due to the high volume of cash we handle;
- difficulties in hiring and training skilled personnel in sufficient numbers to operate the new branches locally and management to supervise such operations from centralized locations;
- failure to maintain the level of customer service at all branches; and
- unforeseen legal, regulatory, property, local taxation, labor or other issues.

Further, a significant majority of our customers are located in rural markets, which may have limited infrastructure, particularly for transportation and electricity. At branches in remote markets, we may face difficulties in conducting operations, such as accessing power facilities, transporting people and equipment and implementing technology measures. We may also face increased costs and expenses in conducting our business and operations and implementing security measures. We cannot assure you that such costs will not increase in the future as we further expand our network in rural markets, which may adversely affect our profitability.

Any of the above reasons may result in our failure to manage our business operations in an effective manner, which may adversely affect our brand, reputation, business, financial condition and results of operations.

4. ***Certain provisions of the NBFC-ND-SI Master Directions and the RBI (RFML) Directions impose requirements that restrict our business, results of operations and growth.***

The NBFC-MFI Directions, which were introduced in 2011, were replaced with the NBFC-ND-SI Master Directions in 2016. The NBFC-ND-SI Master Directions prescribe certain requirements for NBFC-MFIs, including us, such as restrictions on lending such that not more than two NBFC-MFIs may lend to the same borrower.

The RBI also enacted the Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 ("**RBI (RFML) Directions**") with effect from April 1, 2022, under which our Company is required to comply with certain additional compliances and conditions, including: (i) forming a board approved policy to assess the household income of its borrowers; (ii) forming a board approved policy regarding the limit on the outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income, which is capped at 50% of the monthly household income; (iii) forming a board approved policy regarding pricing of microfinance loans; (iv) forming a board approved policy to provide flexibility of repayment periodicity on microfinance loans as per borrower requirements; (v) adopting a fair practices code for conduct towards borrowers in line with the RBI (RFML) Directions; (vi) putting in place a mechanism for recovery of loans which is borrower friendly; and (vii) ensuring that a minimum of 75% of our total assets are 'microfinance loans'.

In addition to the above, the RBI has also issued Scale Based Regulation under which our Company has to operate within certain restrictions and standards.

For further details, see "*Our Business – Description of our Business – Compliance with the NBFC-ND-SI Master Directions*" and "*Key Regulations and Policies – Key Regulations Applicable to Our Company – Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended (the "Master Directions");* and *RBI Circular – Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs date October 22, 2021 read with RBI notification - Compliance Function and Role of Chief Compliance Officer (CCO) - NBFCs dated April 11, 2022*" on pages 194, 201 and 210, respectively. The laws and regulations governing the banking and financial services industry in India have become increasingly complex, with the regulations relating to MFIs still evolving. The requirement to comply with increasing regulations may continue to adversely affect our business and the microfinance industry in general. These laws and regulations may require us to restructure our activities, and among other limitations, impose limits on interest rates we can charge and as such limit our interest income, and require us to incur additional expenses, which could adversely affect our business, results of operations and growth.

5. A large portion of our collections and disbursements from customers are in cash, exposing us to certain operational risks.

For the three months ended June 30, 2022 and the financial years 2022, 2021 and 2020, ₹723.85 million, ₹3,392.84 million, ₹3,729.39 million, ₹15,946.42 million, respectively, or 3.72%, 5.60%, 10.14% and 44.63% respectively, of our loans were disbursed through cash. For the same periods, ₹15,269.03 million, ₹46,482.43 million, ₹32,540.53 million and ₹31,874.18 million, respectively, of our collections were in cash. Large cash collections and disbursements expose us to the risk of theft, fraud, misappropriation or unauthorized transactions by employees responsible for dealing with such cash collections. We have experienced certain instances of misappropriation or unauthorized transactions by certain employees over the last three financial years and the three months ended June 30, 2022, including cash embezzlements which (i) aggregated to an amount of ₹3.03 million, out of which ₹1.52 million had been recovered, during the three months ended June 30, 2022, (ii) aggregated to an amount of ₹12.67 million, out of which ₹5.96 million had been recovered, during the financial year 2022, (iii) aggregated to an amount of ₹9.77 million, out of which ₹5.18 million had been recovered, during the financial year 2021 and (iv) aggregated to an amount of ₹5.01 million, out of which ₹2.12 million had been recovered, during the financial year 2020. We may also be party to criminal proceedings and civil litigation related to our cash collections, and we may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill. These risks are exacerbated by the high levels of responsibility we delegate to our employees and the geographically dispersed nature of our network. Our customers are primarily from rural markets, which carry additional risks due to limitations on infrastructure and technology. During the last three financial years and the three months ended June 30, 2022, we registered 141 cases of theft and robbery, which were for an aggregate amount of ₹11.67 million.

In addition, given the high volume of transactions involving cash processed by us, certain instances of fraud and misconduct by our representatives or employees may go unnoticed for some time before they are discovered and successfully rectified. Even when we discover instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, we cannot assure you that we will recover any amounts lost through such fraud or other misconduct. Our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of such systems will result in losses that are difficult to detect or rectify.

6. ***The microfinance industry in India faces unique risks due to the category of borrowers that it services, which are generally not associated with other forms of lending.***

Our focus customer segment is women in rural areas with an annual household income of up to ₹300,000. Our customers generally have limited sources of income, savings and credit histories. In addition, although we are generally able to obtain credit reports from credit bureaus on our borrowers, to the extent that there is limited financial information available for our focus customer segment and borrowers do not have any credit history supported by tax returns, bank or credit card statements, statements of previous loan exposures, or other related documents, it may be difficult to consistently carry out credit risk analyses on them. As a result, such borrowers may pose a higher risk of default than borrowers with greater financial resources and more established credit histories and borrowers living in urban areas with better access to education, employment opportunities and social services.

Further, we provide unsecured loans and rely on non-traditional guarantee mechanisms rather than any tangible assets or collateral. Our loans involve a joint liability mechanism whereby borrowers form an informal joint liability group (typically comprising five to seven members) and provide joint and several guarantees for loans obtained by each member of the group. We cannot assure you that such joint liability arrangements will ensure repayment by the other members of the joint liability group in the event of default by any one of them. Such joint liability arrangements are likely to fail if there is no meaningful personal relationship or bond among members of such group, if members do not participate regularly in group meetings, if inadequate risk management procedures have been employed to verify the group members and their ability to repay such loans, or as a result of adverse external factors such as natural calamities or forced migration. Further, while we have our own due diligence and credit analysis procedures, we cannot assure you that we will be able to ensure low delinquency rates. As a result, our customers potentially present a higher risk of loss in case of a credit default compared to that of borrowers from other demographics of the population and/or in other asset-backed financing products.

In addition, political and social risks, such as the negative publicity surrounding the growth and profitability of the microfinance industry, public criticism of the microfinance industry, or religious beliefs and convictions regarding the extension of credit and repayment of interest may deter our borrowers from fulfilling their obligations to us. In addition, the microfinance sector may be susceptible to election cycles. For example, political pressure by incumbents to write off loans or the announcements of debt-waiver schemes by state governments ahead of general elections may result in an accretion of NPAs across the microfinance industry. Due to the precarious circumstances of our customers and our non-traditional lending practices, we may, in the future, experience increased levels of NPAs and related provisions and write-offs that may adversely affect our business, financial condition and results of operations. We cannot assure you that our monitoring and risk management procedures will effectively predict and/or prevent such losses or that loan loss reserves will be sufficient to cover actual losses.

The amount of our reported NPAs may increase in the future due to the aforementioned factors and other factors beyond our control, and we cannot assure you that we will be able to effectively control or reduce the level of the impaired loans in our total AUM. If we are unable to manage our NPAs or adequately recover our loans, our business, financial condition and results of operations will be adversely affected. In addition, our current loan loss reserves may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of our total AUM. If the quality of our loan portfolio deteriorates, we may be required to increase our loan loss reserves, which would also adversely affect our business, financial condition and results of operations. See also "*– An increase in the level of our NPAs or our provisions may adversely affect our financial condition, results of operations and cash flows.*"

7. ***Any downgrade of our credit ratings may constrain our access to capital and debt markets and, as a result, may adversely affect our cost of borrowings and our results of operations.***

The cost and availability of funds is dependent on, among other factors, our credit ratings. Credit ratings reflect a rating agency's opinion of our financial strength, operating performance, industry position, and ability to meet our obligations. CARE Advisory Research and Training Ltd has assigned us an organization grading of "MFI 1" or "MFI One", which is the highest available grading on an eight point scale. CARE assigned us an "A-" positive credit rating for bank loans, cash credit, NCDs and subordinated debt (NCD) in the financial year 2020, which was revised to an "A-" stable credit rating during the financial year 2021 and affirmed during the financial year 2022 and the three months ended June 30, 2022. CRISIL Limited assigned us an "A-" stable credit rating for bank loans for the first time in the financial year 2020, which was affirmed during the financial years 2021 and 2022, and the three months ended June 30, 2022. Further, CRISIL Limited assigned us an "A-" stable credit rating for NCDs for the first time in the financial year 2021, which was affirmed during the financial year 2022 and the three months ended June 30, 2022. ICRA has assigned us an "A-" stable credit rating for NCDs and subordinated debt (NCD) for the last three financial years and the three months ended June 30, 2022. During the financial year 2020, credit ratings were reduced for MFIs operating in a particular state as a result of a crisis in the MFI industry.

Any future performance issues for our Company or the industry may result in a downgrade of our credit ratings, which may constrain our access to capital and debt markets and, as a result, may increase our cost of borrowings and impair our ability to renew maturing debt. In addition, any downgrade of our credit ratings could result in additional terms and conditions being included in any additional financing or refinancing arrangements in the future. If any of the foregoing were to occur, our business, financial condition and results of operations may be adversely affected.

8. ***We depend on the accuracy and completeness of information about borrowers and counterparties for our credit assessment and risk management. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and results of operations.***

In deciding whether or not to extend credit or enter into other transactions with borrowers, we rely on, among others, information furnished to us by or on behalf of borrowers. We may also rely on certain representations from our borrowers as to the accuracy and completeness of that information. To ascertain the creditworthiness of potential borrowers, we may depend on credit information companies or credit bureaus, and our reliance on any misleading information may affect our judgement of credit worthiness of potential borrowers, which may affect our business and results of operations. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. In the event that our risk management measures and credit appraisal procedures are not adequate to prevent or deter such activities in all cases, our business and results of operations may be adversely affected. During the three months ended June 30, 2022 and the financial years 2022, 2021 and 2020, our total disbursements which turned into NPAs within the first year of disbursement amounted to ₹146.69 million, ₹147.40 million, ₹234.11 million and ₹615.86 million, respectively.

9. ***Our Promoters are selling Equity Shares in the Offer and will receive proceeds as part of the Offer for Sale.***

The Offer includes an Offer for Sale of up to 13,695,466 Equity Shares by our Promoters and certain other Selling Shareholders. The proceeds from the Offer for Sale will be transferred to the Selling Shareholders, which include our Promoters, pursuant to the Offer, who will have broad discretion over the use of such proceeds. We will not receive any such proceeds from the Offer for Sale portion. For further details, see "*Objects of the Offer*" and "*Capital Structure*" on pages 102 and 79, respectively.

10. ***The examination report of our Statutory Auditor on our restated financial statements makes references to certain qualifications.***

Our Statutory Auditor in their examination report on our restated financial statements have made references to emphasis of matter paragraphs included in our Previous Auditor's audit reports on our audited financial statements as of and for the three months ended June 30, 2021 and the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, where attention was drawn towards the impact of the economic and social consequences of the COVID-19 pandemic on our Company's business and financial metrics, which continue to be dependent on uncertain future developments. See also "−*The extent to which the Coronavirus disease ("COVID-19") may affect our business and operations in the future is uncertain and cannot be predicted*." on page 27.

Further, our Previous Auditor had reported modifications in the annexure to their audit reports issued under the Companies (Auditor's Report) Order, 2020 and the Companies (Auditor's Report) Order, 2016, as applicable, on financial statements for the years ended March 31, 2022, March 31, 2021 and 2020, as follows:

- for the financial year 2022, the Previous Auditor's reported modifications in the annexure to their audit reports issued under the Companies (Auditor's Report) Order, 2020 pertained to it not being practicable to furnish entity-wise details relating amount, due date for repayment or receipt and the extent of delay for loans and advances that had not been repaid/paid when they were due or were repaid/paid with a delay, in the normal course of lending business. Further, there were delays or defaults in the repayment of principal interest as at the balance sheet dates, during the financial year 2022;

- for the financial year 2021, the Previous Auditor's reported modifications in the annexure to their audit reports issued under the Companies (Auditor's Report) Order, 2016 pertained to certain instances of cash embezzlements by certain employees which aggregated to an amount of ₹9.77 million, out of which ₹5.18 million had been recovered, during the financial year 2021; and

- for the financial year 2020, the Previous Auditor's reported modifications in the annexure to their audit reports issued under the Companies (Auditor's Report) Order, 2016 pertained to certain instances of cash embezzlements by certain employees which aggregated to an amount of ₹5.01 million, out of which ₹2.12 million had been recovered, during the financial year 2020.

We cannot assure you that the audit reports issued by our auditors for any future fiscal periods will not contain qualifications, emphasis of matters or other observations which affect our results of operations in such future periods. For further details, see "*Financial Information — Financial Statements*" beginning on page 248.

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

Our results of operations depend to a large extent on the amount of our net interest income as our primary revenue source is interest income. For the three months ended June 30, 2022 and the financial years 2022, 2021 and 2020, our interest income amounted to ₹3,293.61 million, ₹10,643.19 million, ₹8,275.64 million and ₹6,664.88 million, respectively, representing 91.38%, 88.59%, 94.79% and 91.26% of our total income, respectively. Net interest income is the difference between the interest we earn from loans (i.e. interest income on loan portfolio) and the interest we pay on interest-bearing liabilities (i.e. finance costs). An increase in interest rates applicable to our liabilities, without a corresponding increase in interest rates applicable to our assets, will result in a decline in our net interest income.

Interest rates are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic as well as international economic and political conditions, inflation and other factors. For example, on February 2, 2017, the RBI revised guidelines on the pricing of credit applicable to NBFC-MFIs, pursuant to which all NBFC-MFIs are required to ensure that the average interest on loans sanctioned during a quarter does not exceed the average borrowing cost during the preceding quarter plus the margin, within the prescribed cap. Due to these factors, interest rates in India have historically experienced a relatively high degree of volatility.

Changes in market interest rates affect the interest rates we charge on our loans differently from the interest rates we pay on our interest-bearing liabilities. An increase in interest rates could result in an increase in interest expense relative to interest income if we are not able to increase the rates charged on our portfolio loans and advances or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our loans. Further, such increase in interest rates could affect our ability to raise low cost funds as compared to some of our competitors who may have access to lower cost deposits. If our cost of funds and operating expenses increase to a level where compliance with the NBFC-ND-SI Master Directions results in pressure on our operating margins, our business, financial condition, results of operations and cash flows may be adversely affected.

In accordance with RBI regulations, the interest rates charged by us is governed by our board policy on pricing. The annual effective interest rate of our income-generating loans is currently 22.65% for the first loan cycle and 22.25% for subsequent loan cycles. In a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our loans, it could lead to a reduction in our net interest income and net interest margin. Further, changes in interest rates could affect our treasury income. If we are unable to effectively manage our interest rate risks, it could have an adverse effect on our net interest income and net interest margin, thereby affecting our business, financial condition, results of operations and cash flows.

12. ***We are subject to laws and regulations governing the financial services industry and our operations in India and changes in, and differing interpretations of, laws and regulations governing us could adversely affect our business, results of operations and prospects.***

As an NBFC-MFI, we are subject to regulation by Government authorities, including the RBI. The RBI regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. In addition, we are required to make various filings with and obtain various approvals from the RBI, the Registrar of Companies and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act and other regulations. If we fail to comply with these requirements, or a regulator claims we have not complied with these requirements, we may be subject to penalties and/or legal proceedings. We are also subject to regular scrutiny and supervision by regulators, such as regular inspections that may be conducted by the RBI. Any non-compliance with regulatory guidelines and directions may result in substantial penalties and negatively affect our reputation. If we were to be found non-compliant, we could be fined or prohibited from engaging in certain business activities, among other things. In addition, the regulations applicable to us also govern other aspects of our business operations such as our conduct with borrowers, recovery practices, market conduct and foreign investment.

The RBI has also issued Scale Based Regulation under which our Company has to operate within certain restrictions and standards, *inter alia*, as provided below:

a) maintain a minimum net owned fund of ₹70 million by March 31, 2025 and ₹100 million by March 31, 2027;
b) revise NPA overdue period from 180 days to 90 days based on the glide path suggested under the new circular;
c) ensure that at least one director on board shall have relevant experience of having worked in a bank or NBFC**;**
d) the ceiling on providing funding for investment in initial public offers shall be ₹1,000 million per borrower for financing subscriptions to initial public offers;
e) make a thorough internal assessment of the need for capital, commensurate with the risks in our business as part of the internal capital adequacy assessment process;
f) credit concentration limits prescribed for our Company separately for lending and investments have been merged into a single exposure limit of 25% for a single borrower and 40% for single group of borrowers. Additionally, the concentration limits shall be determined with reference to our Tier-1 capital instead of our owned fund;
g) exposure to capital market (direct and indirect) and commercial real estate shall be treated as sensitive exposure for our Company and we are required to fix internal limits on these sectors accordingly;
h) certain regulatory restrictions in relation to loans to be given to directors, their relatives, entities where such directors or relatives hold majority of the shareholding and certain other individuals associated with our Company; and
i) corporate governance norms in relation to KMPs, directors and chief compliance officers.

Further, many of the regulations applicable to our operations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be deemed to be contravention of such laws and may be subject to penalties and legal proceedings against us. Unfavorable changes in or interpretations of existing laws, rules and regulations including foreign investment laws governing our business, operations and investments in our Company by non-residents, could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such differing interpretations, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Further, uncertainty in the application, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our businesses in the future.

13. ***Any disruption in our sources of funding or increase in costs of funding could adversely affect our liquidity and financial condition.***

The liquidity and profitability of our business depend, in large part, on our timely access to, and the costs associated with, raising funds. Our funding requirements have historically been met from various sources, including bank loans, NCDs, equity and subordinated debt as well as cash flows from operations to fund our operations, capital expenditure and expansion. As such, our business depends and will continue to depend on our ability to access a variety of funding sources. Our listed NCDs aggregating to ₹3,800 million and unlisted NCDs aggregating to ₹2,294 million will mature in the remainder of the financial years 2023 and 2024. For more details on the maturity of our listed NCDs, please see "*Financial Indebtedness – Listed debt securities of our Company*" on page 378. Further, our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected to a certain extent by our ability to continue to secure low-cost funding at rates lower than the interest rates at which we lend to our customers. As of June 30, 2022 and March 31, 2022, 2021 and 2020, our weighted average cost of borrowing for our top five lenders (in terms of total outstanding amount as of the respective date) was 9.92%, 9.80%, 10.37% and 11.45%, respectively. Our ability to raise funds at competitive rates depends on various factors, including our current and future financial condition and results of operations, our risk management policies, our ability to maintain certain financial ratios, our credit ratings, our brand equity, the regulatory environment and policy initiatives in India and developments in the international markets affecting the Indian economy.

We may not be able to secure financing on favorable terms and in a timely manner, or at all. The terms of any additional financing may place limits on our financial and operational flexibility. If we are unable to obtain adequate financing or financing on terms satisfactory to us, or at an effective cost that is comparable to or lower than that of our competitors, our net interest margins, income and market share may be adversely affected and our ability to grow or support our business and to respond to business challenges could be limited. As a result, our business, financial condition and results of operations may be adversely affected.

Further, the restrictions imposed on NBFCs by the RBI through the NBFC-ND-SI Master Directions, as well as Priority Sector Lending targets, may restrict our ability to obtain bank financing for specific activities. Our ability to raise foreign funds through debt is governed by RBI regulations and is subject to certain restrictions, including raising loans only from certain recognized lenders and with minimum average maturity of not less than three years. The NBFC-ND-SI Master Directions also imposes certain restrictions in relation to changes in the shareholding of our Company beyond certain thresholds. For further details, please see "*Key Regulations and Policies*" on page 201. Changes in economic, regulatory and financial conditions or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, or at all, which could adversely affect our liquidity and financial condition.

In addition, any changes to the regulations on priority sector lending may also disrupt our sources of funding. The RBI currently mandates domestic scheduled commercial banks (excluding regional rural banks and SFBs) and foreign banks with 20 branches and above, operating in India, to maintain an aggregate 40.00% of adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher, as "priority sector lending". These include advances to agriculture, micro, small and medium enterprises, export, credit and other sectors where the Government seeks to encourage flow of credit for developmental reasons. Banks in India that have traditionally been constrained or unable to meet these requirements directly have instead relied on institutions such as us that are focused on microfinance lending to help them meet their priority sector lending targets. In the event that the laws relating to priority sector lending as applicable to the banks undergo a change, or if any part of our loan portfolio is no longer classified as a priority sector lending by the RBI, or if we are no longer able to satisfy the prescribed conditions to be eligible for such classification, our ability to raise resources based on priority sector advances would be hampered, which may adversely affect our financial condition, results of operations and/or cash flows.

14. ***If we are unable to manage our growth effectively or sustain our historical growth rates, our business and reputation could be adversely affected.***

Our business has experienced significant growth over the past few years. Our network of branches and customers in India expanded significantly from 171 branches serving 0.47 million active borrowers, as of March 31, 2016, to 966 branches serving 2.90 million customers, as of June 30, 2022. As part of our growth strategy, we expect the expansion of our geographic footprint and network of branches to continue, see "*Our Business – Strategies – Deepen, Strengthen and Expand Geographic Presence*" on page 180. Such expansion may further constrain our capital and human resources, and make asset quality management more challenging. As we grow our business and move to newer geographies, we may face risks, uncertainties and difficulties such as increased competition, different culture, regulatory regimes, business practices, customs, behavior and preferences, and our current experience may not be applicable to new markets and businesses. As a result, we may not be able to maintain our historical growth rates, the level of our NPAs or the quality of our portfolio.

We are also focused on offering more diversified products and services as part of our growth strategy, as we believe that our large customer base provides significant opportunities from increased cross-selling and up-selling of products and services, at a cost lower than our competitors, see "*Our Business – Strategies – Leverage our Network, Domain Expertise and Data to Enhance Product Offering*" on page 181. We cannot assure you that any such new products or services will be successful, whether because of our own shortcomings or as a result of circumstances beyond our control, such as general economic conditions or competition from existing or new players in these business verticals or otherwise. We may also be required to comply with additional regulations, incur significant costs to establish the specialized infrastructure at some of our branches and recruit appropriately skilled employees, and face increased competition for such new products and services, which may strain our business and financial condition. Any of these factors may adversely affect our ability to diversify into new offerings, which may have an adverse effect on our business and prospects.

In addition, we will need to continue to enhance and upgrade our financial, accounting, information technology, administrative, risk management and operational infrastructure and internal capabilities in order to manage such growth of our business effectively. However, we may be unable to develop adequate infrastructure, devote sufficient financial resources, or attract or retain talent to manage our growth. We may not be able to implement the necessary improvements in a timely manner, or at all, and we may encounter deficiencies in existing control systems. If we are unable to manage our future expansion successfully or to sustain the growth rates we have achieved since our inception, our ability to provide products and services to our customers would be adversely affected, and, as a result, our business, financial condition, results of operations and reputation could be adversely affected.

15. ***We require several statutory and regulatory approvals, licenses, registrations and permissions to conduct our business and an inability to obtain or maintain such approvals, licenses, registrations and permissions in a timely manner, or at all, may adversely affect our operations.***

NBFCs, including NBFC-MFIs, in India are subject to strict regulation and supervision by the RBI. We require several approvals, licenses, registrations and permissions to operate our business, including a registration for our Company with the RBI as an NBFC-MFI as well as various other corporate actions. We are also required to comply with certain RBI prescribed requirements, including classification of NPAs and provisioning, KYC requirements, qualifying assets and other internal control mechanisms. See "*Key Regulations and Policies*" on page 201. We would also be required to maintain such permits and approvals and obtain new permits and approvals for any proposed expansion strategy or diversification into additional business lines or new financial products. We cannot assure you that the relevant authorities will issue any such permits or approvals in a timely manner, or at all, or on favorable terms and conditions. Our failure to comply with the terms and conditions of such permits or approvals or to maintain or obtain the required permits or approvals may result in an interruption of our business operations and may have an adverse effect on our operations.

If we are unable to comply with applicable requirements within the specified time limit, or at all, we may be subject to regulatory actions by the RBI, including the levy of fines or penalties or the cancellation of our license to operate as an NBFC-MFI. In addition, we require several registrations to operate our branches in the ordinary course of business. These registrations include those required to be obtained or maintained under applicable legislations governing shops and establishments, professional tax, labor-related registrations and GST registrations of the particular state in which we operate. Out of the abovementioned operational licenses required to run our business, the license for shops and establishments has to be periodically renewed after certain years under the laws of certain states. The validity of such shops and establishment licenses typically ranges from one year to three years, depending on the state where it is obtained in. In this regard, our Company has either applied, or is in the process of applying for renewals of them. For further information on our key approvals and licenses, see "*Government and Other Approvals"* on page 385.

If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims that we have not complied, with any of these conditions, we may be liable to fines or penalties, and our certificates of registration may be suspended or cancelled and we would no longer be able to carry on such activities required for our business.

Further, several of the licenses and approvals required in relation to our branches are subject to local state or municipal laws. We have obtained a significant number of, but not all, approvals, licenses, registrations and permits that we require from the relevant authorities. For example, some of our branches are located in areas that have recently been required to obtain registrations under shops and establishments legislations, and we are yet to apply for such registrations.

16. We must maintain a minimum capital to risk-weighted assets ratio, and lack of access to capital may prevent us from maintaining an adequate ratio.

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk-weighted assets ratio ("**CRAR**") consisting of Tier I and Tier II capital of 15.00% of our aggregate risk weighted assets on-balance sheet. Further, the total of our Tier II capital cannot exceed 100.00% of our Tier I capital at any point of time. Our ability to support and grow our business would become limited if our CRAR is low. As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital to continue to meet the applicable CRAR with respect to our business. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favorable to us, and this may adversely affect the growth of our business.

In addition, any changes in the RBI or other government actions in relation to securitizations or assignments by NBFCs in general or MFIs specifically, including if any assignment is held unenforceable under applicable law, could have an adverse effect on our assignment and securitization plans in the future. This may result in non–compliance with applicable capital requirements, which could have an adverse effect on our business, financial condition and results of operations. If we are unable to meet any existing or new and revised requirements, our business and results of operations may be adversely affected.

17. Our business, financial condition, cash flows and results of operations may be adversely affected by certain state regulations.

While NBFC-MFIs are currently regulated by the RBI, the respective state government of the states where we operate may pass laws either *suo moto*, or in response to any legal action initiated against the NBFC-MFIs of a state, which impact the business of NBFC-MFIs. We cannot assure you that any such actions taken by the state governments in these states will not adversely impact our business, financial condition and results of operations. For example, a number of states in India have enacted laws to regulate money-lending transactions. These state laws establish maximum rates of interest that can be charged by a person lending money. However, the Supreme Court has recently pronounced that the state enactments have no application to NBFCs registered under the RBI Act and regulated by the central bank, including in relation to capping of interest rates. In addition, certain states, including those in which we have operations, have in the past instituted farm loan waiver schemes as a policy instrument to alleviate the financial distress of farmers. Such large-scale government enforcement of loan write-offs may, in the long-run, impair the loan repayment culture in the farm sector as farmers may become willing defaulters in anticipation of the next loan waiver scheme. This disruption in credit discipline may undermine the financial status of financial institutions that loan to the farm sector in such states, including us.

More states may also begin regulating these matters and, given our presence across 19 states and union territories as of June 30, 2022, ensuring proper compliance with the regulations of all such states could be onerous. For example, earlier this year, the Assam legislative enacted "The Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020" (the "**Assam Act**"). The Assam Act aims to regulate money lending activities of MFIs or money lending agencies or organizations (the "**Money Lenders**") operating in the state. As of June 30, 2022, our Company had 20 branches in the state of Assam that contributed to ₹106.65 million or 0.14% of our overall AUM as of such date. We are assessing the potential impact the Assam Act could have on our branches, or on the overall microfinance industry in general, in the state of Assam.

In the event that the government of any state in India requires us to comply with the provisions of their respective state money-lending laws, or imposes any penalty against us, our Directors or our officers, including for prior non-compliance, our business and results of operations may be adversely affected.

18. ***Any non-compliance with mandatory AML and KYC policies could expose us to additional liability and harm our business and reputation.***

In accordance with the legal and regulatory requirements applicable to us, we are required to comply with applicable AML and KYC regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML and KYC policies and procedures. See "*Key Regulations and Policies – Key Regulations Applicable to Our Company – Master Direction (Know Your Customer) Directions, 2016 dated February 25, 2016, as amended (the "KYC Directions")*" on page 206. While we have adopted policies and procedures aimed at collecting and maintaining all AML and KYC related information from our customers to detect and prevent the use of our business networks for money-laundering activities, there may be instances where we may be used by other parties in attempts to engage in money-laundering and other illegal or improper activities.

We have internal policies, processes and controls in place to prevent and detect AML activity and ensure KYC compliance, and have taken necessary corrective measures. However, we cannot assure you that we will be able to fully control instances of any potential or attempted conduct of illegal or improper activities by any party and may accordingly be subject to regulatory actions including imposition of fines and other penalties by the relevant government agencies to which we report. Our business and reputation could suffer if any such party uses or attempts to use us for money-laundering or illegal or improper purposes, and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

19. ***Any failure, inadequacy and security breach in our information technology systems, or any fraud and cyber-attacks targeted at disrupting our services, may adversely affect our business.***

Our operations depend on our ability to process a large number of transactions on a daily basis across our network of offices. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are beyond our control, including a disruption of electrical or communications services, particularly in the rural areas in which we operate. A significant system breakdown, network outage or system failure caused by intentional or unintentional acts would have an adverse effect on our revenue-generating activities and lead to financial loss. As we grow our business, the inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our information technology systems and networks. Our information technology systems, software, including software licensed from vendors, and networks may be vulnerable to computer viruses or other malicious code and other events that could compromise data integrity and security and result in identity theft, for which we could potentially be liable. Our controls may not be adequate to prevent frauds and cyber-attacks targeted at disrupting our services, such as hacking, phishing and theft of sensitive internal data or customer information, which could lead to losses to our customers and us. The frequency of such cyber threats may increase in the future with the increased digitization of our services. Not only are we exposed to such risks from our own actions or those of our employees, but from actions of our third-party service providers, whom we do not control. Moreover, since we review and retain, in our ordinary course of business, sensitive personal data of our customers for diligence and KYC checks, any security breaches in our systems could give rise to regulatory liability or litigation. In June 2017, the RBI issued master directions on information technology frameworks for NBFCs which prescribe measures to be adopted by NBFCs to minimize cyber risk, including adoption of IT strategy policies (overseen by a strategy committee), information and cyber security protocols and policies, and reporting of cyber-security incidents and breaches to the RBI from time to time. For further details, see "*Key Regulations and Policies – Key Regulations Applicable to Our Company – Master Direction - Information Technology Framework for the NBFC Sector Directions, dated June 8, 2017 ("IT Framework Directions")*" on page 207.

Any failure to effectively maintain or improve or upgrade our information technology and management information systems in a timely and cost-effective manner could adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our business, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our business. Any cyber-security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability."

20. ***Competition from other MFIs, banks and financial institutions, as well as state-sponsored social programs, may adversely affect our profitability and standing in the Indian microcredit lending industry.***

We face our most significant organized competition from other MFIs, banks and state-sponsored social programs in India. For details, see "*Our Business – Description of our Business – Competition*" on page 198. In addition, many of our potential customers in the lower income segments do not have access to any form of organized institutional lending, and rely on loans from informal sources, especially moneylenders, landlords, local shopkeepers and traders, at much higher rates. Many of the institutions with which we compete may be larger in terms of business volume or may have greater assets, higher geographical penetration and better access to, and lower cost of, funding than we do. In certain areas, they may also have better brand recognition and larger customer bases than us. We anticipate that we may encounter greater competition as we continue expanding our operations in India, and this may result in an adverse effect on our business, financial condition and results of operations.

Traditional commercial banks as well as regional and cooperative banks may continue to increase their participation in microfinance, such as by financing the loan programs of self-help groups often in partnership with NGOs, or through certain state-sponsored social programs. Further, most small finance banks ("**SFBs**") which received approval from the RBI for the commencement of SFB operations are focused on low and middle income individuals and micro, small and medium enterprises. Further, some commercial banks are also beginning to directly compete with for-profit MFIs, including through the business correspondent operating model, for lower income segment customers in certain geographies. In addition, as competition amongst microfinance players increases, borrowers may take more than one loan from different microfinance players, which may adversely affect our asset quality or the asset quality of the industry as a whole.

21. ***We are subject to certain conditions and restrictions in terms of our financing arrangements, which could restrict our ability to conduct our business and operations in the manner we desire and affect our results of operations and profitability.***

As of June 30, 2022, we had total borrowings amounting to ₹60,099.69 million, comprising debt securities amounting to ₹7,537.66 million, borrowings (other than debt securities) amounting to ₹50,935.37 million and subordinated liabilities amounting to ₹1,626.66 million. As of the same date, we had utilized all of our borrowings, including ₹56,124.56 million in the form of secured loans and ₹3,975.13 million in the form of unsecured loans and other debt instruments. For further details on our borrowing profile and the maturity profile of our borrowings, see "*Selected Statistical Information – Financial Metrics – Borrowing Profile*" and "*Selected Statistical Information – Financial Metrics – Asset Liability Management*" on pages 359 and 361, respectively. Incurring indebtedness is a direct consequence of the nature of our business, and having a large outstanding borrowings portfolio may have significant implications on our business and results of operations including, among others:

- low availability of cash flow for capital expenditures and other general corporate requirements;

- fluctuations in market interest rates may affect the cost of our borrowings, as some of our indebtedness is at variable interest rates;
- our ability to obtain additional financing in the future at acceptable terms;
- triggering provisions of cross-default across multiple financing arrangements;
- adverse and onerous implications (including limitations on the use of funds in the relevant facility) in the event of inability to comply with financial and other covenants specified in the financing agreements;
- the right to recall loans by our lenders; and
- reduction in the ability to respond to changing business, regulatory and economic conditions.

Some of the financing arrangements entered into by us also include conditions that require us to obtain the respective lender's consent prior to carrying out certain activities and to keep them informed of certain matters. These covenants vary depending on the requirements of the financial institution extending the loan and may include provisions that, among other things:

- require us to maintain specified levels of types of assets;
- require us to maintain specified financial covenants including capital adequacy and debt-equity ratios;
- restrict the issuance of equity shares or change the capital structure of our Company;
- restrict the declaration or payment of dividends or other distributions;
- restrict entering into certain transactions such as schemes of reconstruction, reorganizations, schemes of arrangement or compromise, amalgamations and mergers;
- restrict changes to the board of directors or changes in the management of our Company;
- restrict the creation of charge or lien over certain assets;
- restrict the incurrence of additional indebtedness, including providing guarantees;
- restrict making certain payments, including entering into specified financial transactions with entities;
- restrict investments or purchase of assets;
- restrict certain shareholders from sale or transfer of their Equity Shares of our Company;
- restrict entering into specified related party transactions; and
- restrict changes to the memorandum and articles of our Company.

Failure to observe covenants under our financing arrangements or failure to obtain necessary waivers may lead to the termination of our credit facilities, acceleration of amounts due under such facilities, trigger of cross-default provisions and the enforcement of security provided. We cannot assure you that we would be able to persuade our lenders to grant extensions or refrain from exercising such rights which may adversely affect our operations and cash flows. 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. 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.

Our inability to comply with the conditions prescribed under the financing arrangements, or repay the loans as per the repayment schedule, may have an adverse effect on our credit ratings, profitability, business, results of operations and financial performance. As of June 30, 2022, we had experienced two instances of breaches of gross NPA and net NPA covenants in the past. These related to financial covenants under the terms of our 11.50% secured rated listed senior taxable transferable redeemable non-convertible debentures held by Indian Bank (the "**Indian Bank NCDs**") and secured rated listed taxable transferable redeemable non-convertible debentures held by AU Small Finance Bank. While we received a waiver for the relevant breach from AU Small Finance Bank, we are yet to receive a waiver from Indian Bank. However, the Indian Bank NCDs are currently subsisting and no penalty has been imposed on us pursuant to the relevant breach. As of June 30, 2022, an amount of ₹198.70 million was outstanding in relation to the Indian Bank NCDs. Unless we are able to receive the relevant waiver, we expect that we will continue to be in breach of such covenants and we cannot assure you that we will receive the relevant waiver in the future or whether any cross-default provisions will be triggered under our other financing agreements. Any future failure to satisfactorily comply with any condition or covenant (including technical defaults) under our financing agreements or any new financing agreements we may enter into in the future may lead to an event of default which may result in actions including termination of one or more of our credit facilities, acceleration of amounts due under such facilities and imposition of penalty interest, as well as trigger cross-defaults under certain of our other financing agreements which may result in the recalling of the loans provided under those financing agreements. Any of these events could have an adverse effect on our business, financial condition, results of operations, cash flows and prospects as well as our ability to meet our payment obligations under our debt financing agreements.

22. ***Concerns about the financial terms of loans provided by us may adversely affect our reputation and thereby the growth and the market acceptance of our products and services.***

We provide loans to women, belonging to low-income groups in rural areas. As a result of our business model of providing financial services at the villages of our customers, our expenses, particularly, finance, employee, travel and rent costs are quite high. This, along with our cost of financing, may result in the interest rates we charge to our customers to be higher than the interest rates banks generally charge. This observation, including the terms of our loans, continue to be the subject of careful evaluation, analysis and often, criticism. Numerous critiques have been published about, among other things, the interest rate that microfinance companies charge and their collection model. Perception of our business and business model, including, among others, by social and political workers, humanitarians or disgruntled former stakeholders, despite our initiative to provide financing to individuals who have none, or very limited access to loans from institutional sources of funding, could harm our reputation. Further, farmers and rural customers may undergo stress in meeting repayment schedules due to failure of crop harvests or other factors, resulting in significant publicity and media coverage. Any adverse publicity may adversely affect our growth and the market acceptance of our products and services.

23. ***Changes in the tenure of our loan products could result in asset liability mismatches and expose us to interest rate and liquidity risks, which may adversely affect our business, financial condition, results of operations and cash flows.***

We may face adverse asset-liability mismatches in the future, which could expose us to interest rate and liquidity risks. The NBFC-ND-SI Master Directions require every loan above ₹30,000 issued by an NBFC-MFI as part of its "microfinance loans" to have a minimum maturity of 24 months, for which a matching funding source of similar maturity may not be available to us. In November 2015, the RBI increased the minimum loan amount subject to the minimum 24-month tenure requirement from ₹15,000 to ₹30,000. Loans with a tenure of 24 months represented ₹61,758.13 million or 85.41% of our total gross AUM as of June 30, 2022. We may face potential liquidity risks due to varying periods over which our assets and liabilities may mature. Such mismatches could adversely affect our business, financial condition, results of operations and cash flows.

24. ***Any failure or material weakness of our internal control systems could cause significant operational errors, which would adversely affect our reputation and profitability.***

We are responsible for establishing and maintaining adequate internal measures and controls commensurate with the size and the complexity of our operations. Our internal or concurrent audit functions are equipped to make an independent evaluation of the adequacy and effectiveness of internal controls on an ongoing basis to ensure that business personnel adhere to our policies, compliance requirements and internal guidelines. While we periodically test and update our internal control systems as necessary, 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 guarantee effective internal controls in all circumstances.

Given our high volume of transactions, it is possible that a few errors may repeat or compound before they are discovered and rectified. Our management information systems and internal control 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 control weaknesses are identified, our actions may not be prompt or sufficient to fully correct such internal control weakness. We face operational risks in our business and there may be losses due to deficiencies in the credit sanction process, inaccurate financial reporting and fraud and failure of critical systems and processes. In addition, we carry out certain processes manually, which may increase the risk that human error, tampering or manipulation will result in losses that may be difficult to detect. As a result, we may suffer losses and our reputation and profitability may be adversely affected.

25. ***Our non-convertible debentures are listed on the BSE and we are subject to rules and regulations with respect to such listed non-convertible debentures. Additionally, as a 'high value debt listed entity', we are subject to additional compliances under SEBI Listing Regulations. 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 debt segment of BSE. We are required to comply with various applicable rules and regulations, including the applicable SEBI regulations and applicable provisions of the SEBI Listing Regulations, in terms of our listed nonconvertible debentures. If we fail to comply with such rules and regulations, we may be subject to certain penal actions, including, without limitation, restrictions on the further issuance of securities and the freezing of transfers of securities, which may have an adverse effect on our business, results of operations, financial condition and cash flows. For details of such listed non-convertible debentures, see "*Financial Indebtedness – Listed debt securities of our Company*" on page 378.

Further, our Company qualified as a 'high value debt listed entity' as per the thresholds set out under the SEBI Listing Regulations in November 2021. As a 'high value debt listed entity', Chapter IV of the SEBI Listing Regulations will be applicable to our Company on a 'comply or explain' basis until March 31, 2023 and thereafter on a mandatory basis. Accordingly, the required compliance with Chapter IV of the SEBI Listing Regulations may cause additional compliance and legal costs for our Company and any non-compliance in relation to this may attract penalties, which may affect our financials adversely. The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, ethical issues, money laundering and privacy. These laws and regulations can be amended, supplemented or changed at any time such that we may be required to redesign our activities and incur additional expenses to comply with such laws and regulations, which could adversely affect our business and our financial performance. For details, see "*Key Regulations and Policies*" beginning on page 201.

26. ***We may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our employees, which could adversely affect our business and goodwill.***

We may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our employees, which could adversely affect our business and goodwill. Our business is also susceptible to fraud by other agents through the forgery of documents and unauthorized collection of instalments on behalf of us. Certain instances of fraud and misconduct by our employees may go unnoticed for some time before they are discovered and successfully rectified. Even when we discover instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, we cannot assure you that we will recover any amounts lost through such fraud or other misconduct. Our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of such systems will result in losses that are difficult to detect or recover. During the last three financial years and the three months ended June 30, 2022, we registered 884 instances of fraud or misappropriation by our employees, which were for an aggregate amount of

₹32.50 million.

27. ***We may have difficulties in managing our operating expenses structure in the case of a decline in volumes of disbursement and the size of our AUM.***

In cases of significant reduction in new disbursements and any significant reduction in our business, we may not be able to adjust our employee numbers commensurately and reduce our employee benefits expenses in a relatively shorter period. Our employee benefits expenses amounted to ₹722.32 million, ₹513.66 million, ₹2,330.66 million, ₹1,686.40 million and ₹1,483.33 million accounting for 74.42%, 76.73%, 74.64%, 76.51% and 74.19% of our operating expenses (which includes employee benefits expenses, depreciation and amortization and other expenses) for the three months ended June 30, 2022 and 2021, and the financial years 2022, 2021 and 2020, respectively, and our AUM was ₹73,890.23 million, ₹46,310.91 million, ₹67,859.71 million, ₹46,378.39 million and ₹36,065.24 million as of June 30, 2022 and 2021, and March 31, 2022, 2021 and 2020, respectively. Other large components of our operating expenses include rent, office maintenance and travelling and conveyance expenses, which may be difficult to reduce quickly.

Further, our existing customers may prefer to obtain credit from our competitors over us, or we may incur additional costs on training new employees if our skilled employees decide to leave us. It may take us a longer period of time than is optimal in order to adjust our employee numbers or reduce the associated personnel costs, in the event of any significant reduction in our business. Our inability to retain sufficient flexibility in our cost structure and adjust to changing business circumstances may adversely affect our business and results of operations.

28. ***Our business and financial performance may be adversely affected in the event of any deterioration in the performance of any pool of receivables assigned or securitized to banks and other institutions or if any such assigned or securitized receivables are held to be unenforceable under applicable law.***

We may, in the ordinary course of business, assign or securitize a portion of our receivables from our loan portfolio to banks and other financial institutions in order to improve liquidity and minimize risks. Such assignment and securitization transactions are undertaken by us on the basis of our internal estimates of funding requirements, and may vary from time to time. The outstanding value of our loans securitized and assigned was ₹5,344.12 million, ₹5,859.80 million, ₹1,263.87 million and ₹2,188.17 million as of June 30, 2022 and March 31, 2022, 2021 and 2020, respectively. Any change in RBI or other government regulations in relation to assignments and securitizations by NBFCs could have an adverse impact on our securitization program.

In our financial statements, we make a provision for securitized loans. However, in the event the banks or NBFCs do not realize the receivables due under loans that have been securitized, the relevant banks or NBFCs can enforce the underlying credit enhancements assured by us. Should the assignee banks or any other financial institutions seek to enforce the underlying credit enhancements, which are provided up to a specified percentage of the underlying loans, it could have a material adverse effect on our financial condition and results of operations. Further, any deterioration in the performance of any batch of receivables assigned or securitized to banks and NBFCs could adversely affect our credit ratings and credibility and therefore our ability to conduct further assignments and securitizations. In addition, our loan assignment agreements may contain certain representations and warranties made by us regarding the assigned loans, which, if breached could result in additional costs and expenses to us. We may also be named as a party in legal proceedings initiated by such financial institution in relation to the assigned or securitized assets. If any of the foregoing were to occur, our business, financial condition and results of operations could be adversely affected.

In addition, any change in the RBI or other government regulations in relation to assignments and securitizations by NBFCs could have an adverse effect on our business. If in the future, one or more of the assignment transactions entered into by us is held to be unenforceable by a court of law, we may be required to terminate such assignment transactions. If such assignment of receivables is held to be unenforceable under applicable law, or the laws, rules and regulations governing assignments and securitizations change, our business, financial condition and results of operations could be adversely affected.

29. ***We have entered into related-party transactions which may potentially involve conflicts of interest.***

We have entered into certain transactions with related parties and are likely to continue to do so in the future. For details on our related-party transactions as per Ind AS 24 read with the SEBI ICDR Regulations, see "*Related Party Transactions*" on page 246. Although all related-party transactions that we may enter into post-listing will be subject to approval by our Audit Committee, Board or shareholders, as required under the Companies Act, 2013 and the SEBI Listing Regulations, we cannot assure you that such transactions in the future or any future transactions, individually or in aggregate, will not have an adverse effect on our financial condition, results of operations and cash flows or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties. Such related-party transactions may potentially involve conflicts of interest which may be detrimental to the interest of our Company.

30. One of our Promoters has given, and our Promoters may in the future give, personal guarantees to various third parties.

Our Promoter, Devesh Sachdev, provides personal guarantees to various third parties from time to time, on behalf of our Company, in relation to financial assistance availed by such entities in the normal course of their business. As of June 30, 2022, the total amount outstanding under such personal guarantees was ₹4,138.41 million. Our other Promoters may also provide such personal guarantees to third parties in the future. In the event such third parties default on any of their obligations in respect of the financial assistance availed by them, the personal guarantees issued by any of our Promoters in the future, may be invoked against them. In such event, the reputation and financial position of our Promoters may be adversely affected, which may consequently affect our reputation and business prospects.

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

As an RBI-registered NBFC-MFI, we are subject to periodic inspections by the RBI to verify the correctness or completeness of our business and operations, internal controls, and any statement, information or particulars furnished to the RBI. The RBI has, following its previous inspections, made observations in relation to our Company that have required us to, among other things, submit explanations and documentary evidence supporting our compliance and take corrective actions in accordance with such observations. Such observations related to, among other things, (a) mismatch in the assessment of net owned fund and capital to risk weighted assets ratio; (b) certain deviations from the loan policy; (c) absence of a policy for credit concentration in states/geographical regions; (d) certain discrepancies in our loan applications; (e) requirement to strengthen internal controls in relation to frauds; and (f) absence of a system of a concurrent audit.

We have made the necessary submissions and revisions in line with and submitted our responses to observations made by the RBI in its inspection reports in the past, and have not received any adverse remarks following the submission of our responses. However, we cannot assure you that we will be able to respond to the observations made by the RBI in its inspection reports in the future to its satisfaction, or that the RBI will not make an adverse remark or impose a penalty as a consequence of such inspections. If we are unable to resolve such deficiencies and other matters to the RBI's satisfaction, we could be exposed to penalties and restrictions, and our ability to conduct our business may be adversely affected.

32. Failure to train and motivate our employees may lead to an increase in our employee attrition rates and our results of operations could be adversely affected as a result of any disputes with our employees.

Our operations are personnel-driven, and we place significant emphasis on the effective training of our personnel in communication and service orientation skills. However, failure to train and motivate our employees may lead to an increase in our employee attrition rates, erode the quality of customer service, divert management resources and impose significant costs on us which may have an adverse effect on our results of operations. We employed 9,262 permanent employees as of June 30, 2022, and place significant emphasis on our employees' overall welfare. However, we cannot assure you that there will not be any future disruptions in our operations due to any disputes with our employees. Further, we depend on our branch-level employees for sourcing, disbursements and collections and customer liaison, and significant attrition at any of our branches could adversely affect our operations. Moreover, in the event of a labor dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations, which could adversely affect our results of operations.

In addition, some of our existing employees may not be content with the solutions offered in response to their grievances by a whistle-blower mechanism that has been adopted by us. Some of these existing and former employees could engage in actions detrimental to us and our business. We may not be able to predict or control the effects of these actions, which could have an adverse effect on our business.

33. ***Our success depends, in large part, upon our management team and skilled personnel and on our ability to attract and retain such persons.***

We depend on the services of our senior management and key employees, many of whom have significant experience in the banking and financial services industries, for our continued operations and growth. Our business is also dependent on our team of relationship managers who directly manage our relationships with our customers. The RBI also mandates NBFCs to have in place supervisory standards to ensure that directors have appropriate qualifications, technical expertise and a sound track record, and such requirements may make it more difficult for us to identify suitable replacement for our directors. For further details, see "*Key Regulations and Policies – Key Regulations and Policies – Key Regulations Applicable to Our Company – Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended (the "Master Directions")*" on page 201.

As a result, our success will depend in large part on our ability to identify, attract and retain skilled managerial and other personnel. Competition for individuals with specialized knowledge and experience is intense in our industry, and we may be unable to attract, motivate, integrate or retain qualified personnel at levels of experience that are necessary to maintain our quality and reputation or to sustain or expand our operations. For the three months ended June 30, 2022 and during the financial years 2022, 2021 and 2020, we had 679 employees, 2,312 employees, 1,579 employees and 1,647 employees, respectively, resign or terminated, representing an employee attrition rate (defined as the number of employees that have resigned or been terminated during the specified year divided by the monthly average number of employees for that year) of 29.94%, 31.13%, 28.71% and 32.65% respectively.

The loss of key personnel or our inability to identify, attract and retain qualified personnel may restrict our ability to grow, execute our strategy, raise the profile of our brand, raise funding, make strategic decisions and manage the overall running of our operations, which would have an adverse effect on our business, financial condition and results of operations.

34. ***We depend on the recognition of the "Fusion" brand, and failure to use, maintain and enhance awareness of the brand, or to protect our intellectual property rights, may adversely affect our business.***

Our name and intellectual property rights, in particular our trademark for our " Fusion Microfinance" wordmark and logo, which we own, are significant to our business and operations. We believe that any damage to our brand or reputation could substantially impair our ability to maintain or grow our business, or have an adverse effect on our business, financial condition and results of operations. If we fail to maintain brand recognition with our target customers due to any issues with our product offerings, a deterioration in service quality, or otherwise, or if any premium in value attributed to our business or to the brand under which our services are provided declines, market perception and customer acceptance of our brand may also decline. Any negative news affecting us might also affect our reputation and brand value. In such an event, we may not be able to compete for customers effectively, and our business, financial condition and results of operations may be adversely affected.

Further, we may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection pending registry of our trademarks. We cannot assure you that we will be able to obtain registration of all the trademarks applied for in our name, and such failure may materially and adversely affect our business prospects, reputation and goodwill.

35. ***Certain of our shareholders, Directors and/or their respective affiliates may have invested or may invest in other companies engaged in similar businesses thereby giving rise to a conflict of interest.***

Certain of our shareholders, including our Promoters, are investment entities. These investment entities or their affiliates may invest in other companies engaged in similar businesses. As at the date of this Red Herring

Prospectus, certain of our Directors, namely Namrata Kaul and Ratna Dharashree have interests in entities that are engaged in businesses similar to ours. We cannot assure you that our Directors will not provide competitive services or otherwise compete in business lines in which we are already present or will enter into in future. In the event that any conflicts of interest arise, our Directors may make decisions regarding our operations, financial structure or commercial transactions that may not be in our shareholders' best interest. It may also enable a competitor to take advantage of a corporate opportunity at our expense. Such decisions could have a material adverse effect on our business, financial condition, results of operations and prospects. Should we face any such conflicts in the future, there is no guarantee that they will get resolved in our favour.

36. There are outstanding legal proceedings against our Company and our Directors.

There are outstanding legal proceedings involving our Company and our Directors. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. The tables below set forth a summary of the litigation involving our Company and our Directors. The amounts involved in these proceedings have been summarized to the extent ascertainable and quantifiable. For further details of such outstanding legal proceedings involving our Company and our Directors, see "*Outstanding Litigation and Material Developments*" on page 379.

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material Civil Litigations	Aggregate amount involved (₹ in million)*
Company						
By our Company	309	-	-	-	-	57.18
Against our Company	-	-	2	-	-	1.35
Directors						
By our Directors	-	-	-	-	-	-
Against our Directors	-	2	-	-	1	776.31**
Promoters						
By our Promoters	-	-	-	-	-	-
Against our Promoters	-	-	-	-	-	-

* *Amount to the extent quantifiable*

** *Includes a joint claim against one of our nominee directors. For further details of the outstanding litigation proceedings, see "Outstanding Litigation and Material Developments" on page 382.*

In relation to such outstanding litigation matters involving our Company and our Directors, the amounts and interests involved in many pending litigations are not ascertainable or quantifiable and are hence not disclosed. In addition, our Company does not consider the entire amount involved or unquantifiable amount in respect of outstanding legal proceedings to be a present or a potential liability and hence contingency for the entire amount has not been provided for in our financial statements. Such proceedings could divert management time and attention, and consume financial resources in their defense or prosecution. Further, an adverse outcome in any of these proceedings may affect our reputation, standing and future business, and could have an adverse effect on our business, prospects, financial condition and results of operations. We cannot assure you that any of these proceedings will be decided in favor of our Company, Directors and Promoters, or that no further liability will arise out of these proceedings.

Further, in the past, certain customer complaints have been forwarded to us by the RBI in relation to procedural aspects of our services. We have responded to and clarified these matters with the RBI. We cannot assure you that such complaints or matters will not occur in the future and, as a result, divert our management's time and attention from our business or consume our financial resources in responding to such complaints or matters.

37. We rely on third-party service providers who may not perform their obligations satisfactorily or in compliance with law.

We enter into arrangements with third-party vendors and independent contractors to provide services including, in particular, technology and software services. We also enter into agreements with credit bureaus for availing credit assessment and other services. We cannot guarantee that there will be no disruptions in the provision of such services or that these third parties will adhere to their contractual obligations. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreements with us, our business, financial condition and results of operations will be adversely affected. In case of any dispute, we cannot assure you that the terms of such agreements will not be breached, and this may result in litigation or other costs. Further, we finance loans for purchase of products such as mobile phones, bicycles, kitchen appliances and other items from third parties. Any defects or deficiencies in the products sold by such third parties may impact repayment of the loans provided by us.

Our arrangements with third-party service providers may also be subject to government regulations, with which we may not be able to comply. On November 9, 2017, the RBI issued Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs ("**Outsourcing Directions**"). Pursuant to the Outsourcing Directions, the RBI has directed NBFCs to put in place necessary safeguards for activities outsourced by them. In this regard, NBFCs are required to put in place a comprehensive, Board-approved outsourcing policy that incorporates criteria for selection of activities as well as service providers, delegation of authority depending on risks and materiality, and systems to monitor and review the operation of these activities. Further, in case NBFCs have back-office and service arrangements or agreements with group entities such as sharing of premises, legal and other professional services, and hardware and software applications, NBFCs are required to have a Board-approved policy prior to entering into such arrangements with group entities, which shall cover demarcation of sharing resources such as premises and personnel. Further, our Company must maintain a central record of all material outsourcing arrangements, which must be readily accessible for review by the Board and senior management. Our Company must also update records promptly, and half-yearly reviews must also be placed before the Board or risk management committee.

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

38. Some of our secretarial records are not traceable.

The secretarial records for certain past allotment of securities and change 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, or at the MCA Portal maintained by the Ministry of Corporate Affairs and the Registrar of Companies, despite conducting internal searches and engaging an independent practicing company secretary to conduct the search. The following table sets forth the details of such missing secretarial records:

Sr. No.	Particulars of document
1.	Form 18 for change in registered office address from 81, Delhi Administrative Flats, Near NIMRI Colony, Ashok Vihar – IV, Delhi – 110052 to 705-A/4C, Ward No. 3, Mehrauli, New Delhi – 110030
2.	Form 2 for allotment on December 26, 1994
3.	Form 2 for allotment on August 1, 1994
4.	Form 2 for allotment on March 20, 2001

While no legal proceedings or regulatory actions have been initiated against our Company in relation to untraceable secretarial and other corporate records and documents as of the date of this Red Herring Prospectus, we cannot assure you that such legal proceedings or regulatory actions in relation to missing filings and corporate records will not be initiated against our Company in the future.

39. Certain of our Directors and Key Management Personnel may be interested in our Company other than in terms of remuneration and reimbursement of expenses.

Certain of our Directors (some of whom are Nominees of our shareholders) and Key Management Personnel are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding, direct and indirect, and stock options in our Company and benefits arising therefrom. Some of our Promoters are also interested in our Company to the extent of their shareholding in our Company and any benefits arising therefrom. Some of our Directors may also be interested to the extent of any transaction entered into by our Company with any other company, firm or entity in which they are a director, promoter or partner. For further details of interests of our Directors and Key Management Personnel in our Company, please see "*Our Management – Interest of our Directors*" and "*Our Management – Interest of Key Management Personnel*" on pages 222 and 236, respectively.

40. We are subject to the risks associated with all of our properties being leased.

We do not own the premises on which our registered office, our corporate office and all of our branches are situated, and as of June 30, 2022, such premises are utilized by us on a leasehold basis. Some of our lease agreements have expired and are expected to be renewed. Failure to renew lease agreements for these premises on terms and conditions acceptable to us or at all, may require us to move the concerned branch offices to new premises. We may incur substantial rent escalation and relocation costs as a result of such relocation. We may also face the risk of being evicted if our landlords allege a breach on our part of the terms of the lease agreements. Further, certain lease agreements may not be duly registered or adequately stamped. Consequently, should any dispute arise in relation to our use of the relevant properties, we may be unable to, or may incur additional expenses to, enforce our rights in relation to such properties. In such event, our business, financial condition and results of operations may be adversely affected.

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

Our business is subject to seasonality as we generally see higher borrowings by our customers during the third and fourth quarter of each financial year due to increased economic activity towards the end of the financial year and in line with harvest season in rural areas in India. We also generally have higher drawdowns under our facilities in the third and fourth quarter of each financial year. Accordingly, our financial condition and results of operations in one quarter may not accurately reflect the trends for the entire financial year and may not be comparable with our financial condition and results of operations for other quarters.

Generally, increased retail economic activity is witnessed during the period from October to March in India due to several holiday periods, improved weather conditions and crop harvests. This may result in higher volumes of business during this period. Any significant event such as unforeseen floods, earthquakes, political instabilities, epidemics or economic slowdowns during this peak season may adversely affect our business and results of operations.

42. Our insurance coverage may not be adequate to protect us against all potential losses, which may have an adverse effect on our business, financial condition and results of operations.

Our operations are subject to various risks inherent to the finance industry, as well as fraud, theft, robbery, acts of terrorism and other force majeure events. We maintain insurance coverage of the type and in the amounts that we believe are commensurate with our operations, including credit term life insurance to cover any outstanding loan amounts upon the death of a borrower, group medical and personal accident insurance for all our employees, directors' and officers' liability insurance, and other general liability insurances such as policies protecting our equipment from fire and natural disasters. We had insured ₹74.59 million or 61.82% of our property, plant and equipment and ₹73,948.46 million or 99.99% of our loans as of June 30, 2022, ₹74.59 million or 61.12% of our property, plant and equipment and ₹67,929.38 million or 99.99% of our loans as of March 31, 2022, ₹54.30 million or 52.85% of our property, plant and equipment and ₹46,462.36 million or 99.99% of our loans as of March 31, 2021, and ₹16.56 million or 28.07% of our property and plant and equipment and ₹36,149.03 million or 99.99% of our loans as of March 31, 2020. While there have been no past instances where claims have exceeded our insurance coverage and impacted our financials, we cannot assure you that our insurance policies will, in the future, provide adequate coverage in certain circumstances. Our insurance coverage may also be subject to certain deductibles, exclusions and limits on coverage. In addition, there are various types of risks and losses for which we do not maintain insurance, such as losses due to business interruption and natural disasters, because they are either uninsurable or because insurance is not available to us on acceptable terms.

Further, a successful assertion of one or more claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition and results of operations. Our insurance claims have, in the past, been rejected. For example, during the last three financial years and the three months ended June 30, 2022, we filed a total of 13 insurance claims which were rejected. These claims related to incidents of invalid documents and incorrect declarations of good health, and were for an aggregate amount of ₹0.42 million. We cannot assure you that any claims filed in the future will be honored fully or timely under our insurance policies. Our business, financial condition and results of operations may be affected to the extent we suffer any loss or damage that is not covered by insurance or which exceeds our insurance coverage. In addition, we may not be able to renew certain of our insurance policies upon their expiration, either on commercially acceptable terms or at all.

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

This Red Herring Prospectus includes certain non-GAAP financial measures such as pre-provision operating profit before tax, EBITDA, net worth, average net worth, net interest income, average borrowings, return on net worth, return on average gross AUM, return on average net worth, average borrowings to average net worth, average net worth to average gross AUM, debt to equity ratio, net asset value per Equity Share, operating expenses, impairment on loan portfolio to average gross loan portfolio, credit loss ratio, credit cost (based on average gross AUM), operating expenses to total income ratio, cost to income ratio ("**Non-GAAP Measures**") and certain other statistical information relating to our operations and financial performance (in particular in the section on *"Selected Statistical Information"* on page 356) which are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP or IFRS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/(loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP or IFRS. In addition, these Non-GAAP Measures are not standardised terms, hence a direct comparison of similarly titled Non-GAAP Measures of other companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting their utility as comparative measures. Although the Non-GAAP Measures are not measures of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating our Company because it is widely used measures to evaluate a company's operating performance. See also "*Other Financial Information*" on page 323.

Further, the Non-GAAP Measures may be different from financial measures and statistical information disclosed or followed by other NBFCs or micro finance companies. The Non-GAAP Measures relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by NBFCs, micro finance companies or other financial services companies. Accordingly, investors should not place undue reliance on the non-GAAP financial information included in the Red Herring Prospectus.

44. ***This Red Herring Prospectus contains information from third parties and an industry report which we have commissioned from CRISIL, which we have commissioned and paid for purposes of confirming our understanding of the industry exclusively in connection with the Offer.***

The industry and market information contained in this Red Herring Prospectus includes information that is derived from the CRISIL Report dated May 2022 prepared by an independent third-party research agency, CRISIL. Neither we nor any of our Directors, the Selling Shareholders or the BRLMs are related parties of CRISIL. The CRISIL Report has been commissioned and paid for by us for the purposes of confirming our industry exclusively in connection with the Offer. The report uses certain methodologies for market sizing and forecasting, and may include numbers relating to our Company that differ from those we record internally. Accordingly, investors should read the industry-related disclosure in this Red Herring Prospectus in this context. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Red Herring Prospectus. While these industry sources and publications may take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data.

45. ***Our Company is not, and does not intend to become, regulated as an investment company under the U.S. Investment Company Act and related rules.***

Our Company has not been and does not intend to become registered as an investment company under the U.S. Investment Company Act of 1940, as amended, or the U.S. Investment Company Act. Accordingly, unlike registered investment companies, our Company will not be subject to the vast majority of the provisions of the U.S. Investment Company Act, including provisions that require investment companies to have a majority of disinterested directors, provide limitations on leverage and limit transactions between investment companies and their affiliates. None of these protections or restrictions is or will be applicable to our Company.

If our Company was to become subject to the U.S. Investment Company Act because of a change of law or otherwise, the various restrictions imposed by the U.S. Investment Company Act, and the substantial costs and burdens of compliance therewith, could adversely affect our operating results and financial performance. Moreover, parties to a contract with an entity that has improperly failed to register as an investment company under the U.S. Investment Company Act may be entitled to cancel or otherwise void their contracts with the unregistered entity, and shareholders in that entity may be entitled to withdraw their investment.

Our Company is relying on the exception provided by Section 3(c)(7) of the U.S. Investment Company Act to avoid being required to register as an investment company under the U.S. Investment Company Act and related rules. In order to help ensure compliance with the exception provided by Section 3(c)(7) of the U.S. Investment Company Act, our Company has implemented restrictions on the ownership and transfer of Equity Shares by any persons acquiring our Equity Shares in Offer who are in the United States or who are U.S. Persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended, or the U.S. Securities Act), which may materially affect your ability to transfer our Equity Shares. See "*Terms of the Offer – Eligibility and Transfer Restrictions*" on page 405.

EXTERNAL RISKS

Risks Relating to India

46. ***Our business is affected by economic, political and other prevailing conditions in India and the markets we currently serve.***

The Indian economy and the financing industry 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. Factors that may adversely affect the Indian economy, and hence our results of operations, include, among others:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, or change in India's credit rating, resulting in an

adverse effect on economic conditions in India and scarcity of financing of our developments and expansions;

- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;

- changes in India's tax, trade, fiscal or monetary policies, such as application of GST;

- political instability, civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war in India or in countries in the region or globally, including in India's various neighboring countries;

- man-made or natural disasters such as earthquakes, tsunamis, floods and droughts, as well as the effects of climate change;

- prevailing regional or global economic conditions, including in India's principal export markets;

- other significant regulatory or economic developments in or affecting India or its financial services sectors;

- downgrade of India's sovereign debt rating by an independent agency; and

- infectious disease outbreaks or other serious public health concerns, such as the current COVID-19 pandemic, the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. A worsening of the current COVID-19 pandemic or any similar future outbreaks of COVID-19, avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region.

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

Further, as of June 30, 2022, ₹30,670.86 million or 41.51% of our AUM was attributable to states located in North India, namely Uttar Pradesh, Punjab, Haryana, Rajasthan, Uttarakhand, Himachal Pradesh and Delhi. In the event of a regional slowdown in the economic activity in these states in particular, or any other developments including political unrest, disruption or sustained economic downturn that make our products in these states less beneficial, we may experience an adverse effect on our business, financial condition and results of operations, which are largely dependent on the performance and other prevailing conditions affecting the economies of these states or North India generally. In addition, while NBFC-MFIs are currently regulated by the RBI, the respective state government of these states may, on their own initiative or in response to any legal action against NBFC-MFIs in a state, pass laws which affect the business of NBFC-MFIs. See also "*– Internal Risks – Risks Relating to our Business – Our business, financial condition, cash flows and results of operations may be adversely affected by certain state regulations*." We cannot assure you that any such actions taken by the state governments in the key northern states that we operate will not affect our business, results of operations, financial condition and cash flows.

47. Changing laws, rules and regulations and legal uncertainties across the multiple jurisdictions we operate in may adversely affect our business, financial condition and results of operations.

Our business, financial condition and results of operations could be adversely affected by changes in the laws, rules, regulations or directions applicable to us and our business operations across India. The governmental and regulatory bodies may notify new regulations or 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 customers. Any such changes and the related uncertainties with respect to the implementation of new regulations may have an adverse effect on our business, financial condition and results of operations. Any failure to comply with any new regulations applicable to us may adversely affect our business, results of operations and prospects. For further details, see "*Key Regulations and Policies*" on page 201.

For example, in November 2016, the Government announced the demonetization of bank notes of ₹500 and ₹1,000. Around 86.00% of the Indian currency in terms of value (₹500 and ₹1,000 notes) was removed from circulation. Thus, according to CRISIL, the gross loan portfolio of the MFI industry, which was growing at a rate of approximately 70% in the first half of the financial year 2017, slumped to a growth of approximately 22% by the end of such financial year. Disbursements were affected even more, going down to 29% in the second half of the financial year 2017 compared to a growth of 60% in the first half, according to CRISIL. More recently, we have been affected by regulations imposed in response to the COVID-19 pandemic such as, in particular, the RBI's imposition of a moratorium on the payment of all principal amounts and interest falling due between March 1, 2021 and August 31, 2021, see "*– Internal Risks – The extent to which the Coronavirus disease ("COVID-19") may affect our business and operations in the future is uncertain and cannot be predicted.*" on page 27.

Further, we are subject to various labor laws and regulations governing our relationships with our employees and contractors, including in relation to minimum wages, working hours, overtime, working conditions, hiring and terminating the contracts of employees and contractors, contract labor and work permits. Our full-time employees are employed by us and are entitled to statutory employment benefits, such as a defined benefit gratuity plan. In addition to our full-time employees, we use agencies for our outsourcing requirements and engage persons on a contractual basis. A change of law that requires us to increase the benefits to the employees from the benefits currently provided may create potentially liability for us. Such benefits could also include provisions which reduce the number of hours an employee may work or increase the number of mandatory casual leaves, which can all affect the productivity of the employees. A change of law that requires us to treat and extend benefits to our outsourced personnel, and personnel retained on a contractual basis, similar to our full-time employees may create potential liability for us. Moreover, our failure to comply with current and future health and safety and labor laws and regulations at all times, including obtaining relevant statutory and regulatory approvals, could adversely affect our business, financial condition and results of operations.

48. ***If there is any change in taxation laws, or their interpretation, such changes may significantly affect our business, financial condition and results of operations.***

Any change in Indian tax laws could have an effect on our operations. For instance, the Taxation Laws (Amendment) Ordinance, 2019, a new tax ordinance issued by India's Ministry of Finance on September 20, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this new ordinance, companies can henceforth voluntarily opt in favor of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which would ultimately reduce the effective tax rate for Indian companies from 34.94% to approximately 25.17%. While we have opted for the concessional regime, any such future amendments may affect our other benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability.

The Finance Act, 2020 ("**Finance Act**"), has, amongst others things, provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax ("**DDT**"), will not 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 and are likely be subject to tax deduction at source. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

Further, a draft of the Personal Data Protection Bill, 2019 has been introduced before the Lok Sabha on December 11, 2019, which is currently being referred to a joint parliamentary committee by the Parliament. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

In addition, we are subject to tax related inquiries and claims. We may be particularly affected by claims from tax authorities on account of income tax assessment, service tax and GST that combines taxes and levies by the central and state governments into one unified rate of interest with effect from July 1, 2017. In addition, the tax consequences of the General Anti-Avoidance Rules ("**GAAR**"), which came into effect from April 1, 2017, being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain and may or may not have an adverse tax impact on our Company. As a result, an such changes or interpretations could have an adverse impact on our business and results of operations. Further, the Finance Act, 2019 stipulates any sale, transfer and issue of securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act, 2019 has also clarified that the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. As such, there is no certainty on the impact that the Finance Act, 2019 may have on our business and operations.

Further, the Government of India has announced the union budget for the financial year 2021, pursuant to which the Finance Act, effective from July 1, 2020, has introduced various amendments. As such, there is no certainty on the impact that the Finance Act, 2020 may have on our business and operations or on the industry in which we operate. In addition, unfavorable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

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

49. It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.

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

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, which includes, the United Kingdom, Singapore, UAE and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the

Civil Code. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court.

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

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

50. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of our 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. In addition, 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 our Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm’s length basis, and a higher (or lower, as applicable) price per share may not be permitted.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares a land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the Consolidated FDI Policy and the FEMA Rules. These investment restrictions shall also apply to subscribers of offshore derivative instruments. 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 434.

51. Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition.

Our Restated Financial Statements included in this Red Herring Prospectus have been compiled from the audited financial statements of our Company (i) as at and for the three months ended June 30, 2022 and 2021, which were prepared in accordance with Ind AS 34, and (ii) the audited financial statements as at and for and the years ended March 31, 2022, March 31, 2021 and March 31, 2020, which were prepared in accordance with Ind AS, and in each case restated in accordance with the SEBI ICDR Regulations, the Guidance Note and relevant provisions of the Companies Act. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which our Restated Financial Statements, which are restated as per the SEBI ICDR Regulations, included in this 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 Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should be limited accordingly.

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

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

53. A third party could be prevented from acquiring control of us following the Issue of our Equity Shares because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us. Under the takeover regulations in India, 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. Consequently, even if a potential takeover of our Company would result in the purchase of our Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the Indian takeover regulations.

54. Our ability to raise foreign currency funds may be constrained by Indian law.

As an Indian NBFC, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions 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.

55. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.

The Competition Act, regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, the Government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India ("**CCI**"). Additionally, on May 11, 2011, the CCI issued Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. However, we cannot predict the impact of the provisions of the Competition Act on the agreements entered into by us at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations and prospects.

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

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

Risks Relating to our Equity Shares and this Offer

57. ***The Offer Price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Offer.***

The Offer Price of our Equity Shares has been determined by our Company in consultation with the BRLMs, and through the Book Building Process. This price is based on numerous factors, as described under "*Basis for Offer Price*" on page 107 and may not be indicative of the market price for our Equity Shares after the Offer. The market price of our Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that the investor will be able to resell their Equity Shares at or above the Offer Price.

58. ***Our Equity Shares have never been publicly traded, and, after the Offer, our Equity Shares may experience price and volume fluctuations, and an active trading market for our Equity Shares may not develop.***

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market on the Stock Exchange may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for our Equity Shares will develop, or if developed, the liquidity of such market for our Equity Shares. The Offer Price of our Equity Shares has been determined through a book-building process and may not be indicative of the market price of our Equity Shares at the time of commencement of trading of our

Equity Shares or at any time thereafter. The market price of our Equity Shares may be subject to significant fluctuations in response to, among other factors:

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

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

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

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

60. Certain of our existing shareholders or future shareholders together may be able to exert substantial voting control over us, which may limit your ability to influence corporate matters.

As of June 30, 2022, our five largest shareholders beneficially owned an aggregate of 78,458,091 Equity Shares, representing 93.04% of our outstanding Equity Shares. While the shareholding of our Company is diversified, some existing or future shareholders together may limit your ability to influence corporate matters that require shareholder approval. These existing or future shareholders may be able to exercise considerable influence over any matters requiring shareholder approval, including the election of directors, approval of lending and investment policies and the approval of corporate transactions, such as a merger or other sale of our Company or its assets or further fund-raising transactions. In addition, our dispersed shareholdings may cause matters requiring shareholder approval to be delayed or not occur at all, which could adversely affect our business. Moreover, these shareholders are not obligated to share any business opportunities with us.

61. ***Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and lender consents and we cannot assure you that we will be able to pay dividends in the future.***

We currently intend to invest our future earnings, if any, to fund our growth. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. In addition, any dividend payments we make are subject to the prior consent of certain of our lenders pursuant to the terms of the agreements we have with them. In addition, the declaration and payment of dividend is subject to relevant RBI regulations and guidelines issued by the RBI from time to time. For instance, in order to infuse transparency and uniformity in practice of declaration of dividend by NBFCs, the RBI through its circular DOR.ACC.REC.No.23/21.02.067/2021-22 dated June 24, 2021, prescribed guidelines for declaration of dividend from the profits of the financial year ending March 31, 2022 onwards, providing among other things, eligibility criteria on different parameters such as capital adequacy, net NPA ratio and quantum of dividend payable, including prescribed ceilings on dividend payout ratio, among others. Similar guidelines may be imposed in the future. Historically, we have not paid any dividends on our Equity Shares and we cannot assure you that we will be able to pay dividends in the future.

62. ***Any sale of Equity Shares by our Promoters or 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 our Equity Shares.***

We may be required to finance our growth through future equity offerings. Any future issuance of our Equity Shares, convertible securities or securities linked to our Equity Shares by us, including through exercise of employee stock options may dilute your shareholding in our Company. Any sale of our Equity Shares by our Promoters or future equity issuances by us may adversely affect the trading price of our Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares. We cannot assure you that we will not issue Equity Shares, convertible securities or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

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

Under the Companies Act, a company having share capital and 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 our 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.

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

Under the current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax ("**STT**") is levied both at the time of transfer and acquisition of the equity shares (unless exempted under a prescribed notification), and the STT is collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold using any other platform other than on a recognized stock exchange and on which no STT has been paid, are subject to long term capital gains tax in India. Such long term capital gains exceeding ₹100,000 arising from the sale of listed equity shares on the stock exchange are subject to tax at the rate of 10% (plus applicable surcharge and cess). Unrealized capital gains earned on listed equity shares up to January 31, 2018 continue to be tax-exempted in such cases. Further, STT will be levied and collected by an Indian stock exchange if the equity shares are sold on a stock exchange. With respect to capital gains arising in an off market sale, long term capital gains are subject to tax at the rate of 10% (plus applicable surcharge and cess) without the exemption of ₹100,000. Short-term capital gains, arising from the sale of such equity shares on a stock exchange would be subject to tax at the rate of 15% (plus applicable surcharge and cess), while short term capital gains arising in an off-market sale would be subject to tax at a higher rate of 40% (plus applicable surcharge and cess) in the case of foreign companies and 30% (plus applicable surcharge and cess) in the case of other non-resident taxpayers.

The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020. It clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. As such, there is no certainty on the impact that the Finance Act, 2019 may have on our business and operations.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. In cases where the seller is a non-resident, capital gains arising from the sale of the equity shares will be partially or wholly exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Additionally, the Finance Act, 2020 does not require dividend distribution tax 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. Historically, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity shares.

65. ***There is no guarantee that our Equity Shares will be listed, or continue to be listed, on the Indian stock exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on a Stock Exchange.***

    In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be applied for or granted until after our Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of our Equity Shares. Accordingly, there could be a failure or delay in listing our Equity Shares on the NSE and BSE, which would adversely affect your ability to sell our Equity Shares.

66. ***Restrictions on daily movements in the trading price of our Equity Shares may adversely affect a shareholder's ability to sell Equity Shares or the price at which Equity Shares can be sold at a particular point in time.***

    Stock exchanges may impose restrictions on the movements in trading price of our equity shares. Stock exchanges are not required to inform us of such restrictions and they may change without our knowledge. In the event such restrictions are imposed, there can be no assurance regarding the ability of shareholders to sell Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

67. ***QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after 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 or the Bid Amount) at any stage after submitting a Bid. RIBs can revise or withdraw their Bids during the Offer Period. 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 our Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of our Equity Shares even if such events occur, and such events limit the Bidders' ability to sell our Equity Shares Allotted pursuant to the Offer or cause the trading price of our Equity Shares to decline on listing.

68. U.S. regulation of investment activities may negatively affect the ability of banking entities to purchase our Equity Shares.

The Volcker Rule, generally prohibits certain banking entities from acquiring or retaining an ownership interest in, sponsoring or having certain relationships with covered funds, subject to certain exceptions, exclusions and exemptions. As we are relying on an analysis that our Company does not come within the definition of an "investment company" under the U.S. Investment Company Act because of the exception provided under section 3(c)(7) thereunder, our Company may be considered a "covered fund" for purposes of the Volcker Rule. The following would be considered a "banking entity" subject to the Volcker Rule: (i) any U.S. insured depository institution, (ii) any company that controls an U.S. insured depository institution, (iii) any non-U.S. company that is treated as a bank holding company for purposes of Section 8 of the International Banking Act of 1978 (i.e., a non-U.S. company that maintains a branch, agency or commercial lending office in the U.S.) and (iv) any affiliate or subsidiary of any of the foregoing under the U.S. Bank Holding Company Act, other than a covered fund that is not itself a banking entity under clauses (i), (ii) or (iii).

There may be limitations on the ability of banking entities to purchase or retain our Equity Shares in the absence of an applicable Volcker Rule exemption. Consequently, depending on market conditions and the banking entity status of potential purchasers of our Equity Shares from time to time, the Volcker Rule restrictions could negatively affect the liquidity and market value of our Equity Shares.

Each investor must make its own determination as to whether it is a banking entity subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to purchase or retain our Equity Shares. Investors are responsible for analyzing their own regulatory position and none of our Company, the Managers or any other person connected with the Offer makes any representation to any prospective investor or holder of our Equity Shares regarding the treatment of our Company under the Volcker Rule, or to such investor's investment in our Company at any time in the future.

SECTION III – INTRODUCTION

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our Restated Financial Statements as of and for the Fiscal Years ended March 31, 2022, March 31, 2021, and March 31, 2020 and three months period ended June 30, 2022 and June 30, 2021.

The summary financial information presented below should be read in conjunction with "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 248 and 331, respectively.

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Restated Statement of Assets and Liabilities

(₹ in millions, unless otherwise stated)

Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Assets					
Financial assets					
Cash and cash equivalents	6738.13	12,151.46	10,113.72	12,154.20	5,396.67
Bank balances other than cash and cash equivalents	958.38	1,213.18	1,422.26	1,198.36	2,780.82
Trade receivables	57.99	2.88	43.42	27.93	31.39
Loans	66,508.97	43,236.36	59,181.94	43,607.30	33,429.73
Investments	-	-	-	-	5.00
Other financial assets	585.89	452.09	668.65	300.76	238.46
Total financial assets	**74,849.36**	**57,055.97**	**71,429.99**	**57,288.55**	**41,882.07**
Non-financial assets					
Current tax assets (net)	395.35	83.41	353.61	119.58	119.09
Deferred tax assets (net)	644.43	899.09	867.56	765.28	305.02
Property, plant and equipment	120.67	102.00	122.04	102.74	58.98
Right of use asset	79.19	76.68	69.17	78.19	-
Intangible assets	0.57	1.52	0.71	1.90	1.47
Other non-financial assets	62.78	29.99	61.74	23.09	33.31
Total Non-financial assets	**1,302.99**	**1,192.69**	**1,474.83**	**1,090.78**	**517.87**
Total assets	**76,152.35**	**58,248.66**	**72,904.82**	**58,379.33**	**42,399.94**
Liabilities and equity					
Liabilities					
Financial liabilities					
Derivative financial instrument	78.42	38.22	77.11	-	-
Trade payables					
total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	366.65	169.10	176.59	113.06	40.71
Debt securities	7,537.66	9,858.61	7,837.76	9,904.50	3,998.98
Borrowings (other than debt securities)	50,935.37	33,270.45	48,294.66	33,250.79	24,571.58
Subordinated liabilities	1,626.66	1,097.46	1,625.67	1,167.21	1,166.29
Other financial liabilities	1,275.76	1,133.21	1,334.32	1,265.98	513.28
Total financial liabilities	**61,820.52**	**45,567.05**	**59,346.11**	**45,701.54**	**30,290.84**
Non-financial liabilities					
Current tax liabilities (net)	0.68	3.28	1.04	53.98	0.53
Provisions	68.24	98.15	71.68	80.76	57.72
Other non-financial liabilities	98.26	63.67	106.48	79.50	61.96
Total non-financial liabilities	**167.18**	**165.10**	**179.20**	**214.24**	**120.21**
Total liabilities	**61,987.70**	**45,732.15**	**59,525.31**	**45,915.78**	**30,411.05**
Equity					
Equity share capital	827.84	790.66	827.60	790.37	789.50
Other equity	13,336.81	11,725.85	12,551.91	11,673.18	11,199.39
Total equity	**14,164.65**	**12,516.51**	**13,379.51**	**12,463.55**	**11,988.89**
Total liabilities and equity	**76,152.35**	**58,248.66**	**72,904.82**	**58,379.33**	**42,399.94**

Restated Statement of Profit and Loss (including other comprehensive income)

(₹ in millions, unless otherwise stated)					
Particulars	**For three months period ended June 30, 2022**	**For three months period ended June 30, 2021**	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Revenue from operations					
Interest income	3,293.61	2,499.74	10,643.19	8,275.64	6,664.88
Fees and commission income	10.73	1.00	13.86	7.19	34.64
Net gain on fair value changes	47.00	94.68	247.65	167.45	231.57
Net gain on derecognition of financial instruments under amortised cost category	75.86	-	607.95	107.84	271.55
Total revenue from operations	**3,427.20**	**2,595.42**	**11,512.65**	**8,558.12**	**7,202.64**
Other income	177.27	54.16	500.84	172.76	100.47
Total income	**3,604.47**	**2,649.58**	**12,013.49**	**8,730.88**	**7,303.11**
Expenses					
Finance costs	1,431.89	1,234.19	4,959.64	3,751.04	3,376.72
Impairment on financial instruments	200.64	691.76	3,686.93	2,207.80	926.99
Employee benefits expenses	722.32	513.66	2,330.66	1,686.40	1,483.33
Depreciation and amortization	14.75	10.16	53.71	38.94	25.76
Other expenses	233.58	145.60	738.29	478.79	490.36
Total expenses	**2,603.18**	**2,595.37**	**11,769.23**	**8,162.97**	**6,303.16**
Profit before tax for the period/year	**1,001.29**	**54.21**	**244.26**	**567.91**	**999.95**
Tax Expense					
Current tax	28.55	142.94	129.77	588.71	395.99
Deferred tax	221.72	(132.84)	(103.06)	(460.24)	(92.14)
Profit for the period/year	**751.02**	**44.11**	**217.55**	**439.44**	**696.10**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement gains on defined benefit plans	5.67	(3.84)	2.96	0.04	6.46
Income tax effect on above	(1.43)	0.97	(0.74)	(0.01)	(1.40)
Total other comprehensive income for the period/ year	**4.24**	**(2.87)**	**2.22**	**0.03**	**5.06**
Total comprehensive income for the period/ year	**755.26**	**41.24**	**219.77**	**439.47**	**701.16**
Earnings per equity share (equity share par value of Rs.10 each) (Non annualised for three months period ended June 30, 2022 & June 30, 2021)					
Basic (Rs)	9.07	0.56	2.67	5.56	10.47
Diluted (Rs)	8.98	0.55	2.64	5.49	10.32

Restated Statement of Cash Flows

(₹ in millions, unless otherwise stated)

Particulars	For three months period ended June 30, 2022	For the three months period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
I. Cash flow from operating activities					
Profit before Tax	**1,001.29**	**54.21**	**244.26**	**567.91**	**999.95**
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and amortisation	14.75	10.16	53.71	38.94	25.76
Impairment of financial instruments	200.64	691.76	3,686.93	2,207.80	926.99
Finance cost on lease liability	2.49	1.51	8.88	5.30	-
Provision for gratuity	7.52	6.03	26.07	17.90	19.17
Provision for compensated absences	6.01	10.30	21.38	20.31	15.40
Other provisions	(3.78)	8.61	(27.51)	2.73	(10.58)
Net gain on change in fair value of mutual funds	(47.00)	(94.68)	(247.65)	(167.45)	(231.57)
Net gain on derecognition of financial instruments under amortised cost category	(75.86)	-	(607.95)	(128.15)	(126.80)
Employee share based payment expense	26.75	10.27	39.24	30.40	34.67
Amortisation of processing fees	(10.12)	7.56	(57.31)	(5.88)	1.18
Net foreign exchange differences	(20.80)	(5.38)	(43.81)	-	-
Fair value loss on derivative financial instruments	1.31	38.22	77.11	-	-
(Profit)/loss on sale of assets	-	-	-	(1.00)	0.08
Operating cash flow before working capital changes	**1,103.20**	**738.57**	**3,173.35**	**2,588.81**	**1,654.25**
Movement in working capital:					
Increase in loans	(7,527.27)	(318.00)	(19,259.56)	(12,374.28)	(8,623.03)
Decrease/(increase) in trade receivables	(14.57)	25.05	(15.49)	3.46	(25.30)
Decrease/(increase) in other financial assets	151.11	(157.36)	213.99	47.95	(33.59)
Decrease/(increase) in other non- financial assets	(1.04)	(6.90)	(38.65)	10.22	(9.86)
Decrease/(increase) in bank balances other than cash and cash equivalents	463.48	(17.64)	(255.91)	1,571.37	(128.94)
Increase/(decrease) in trade payables	190.05	55.76	63.60	72.36	(1.17)
Increase/(decrease) in other financial liability	(70.41)	(131.70)	71.15	668.07	94.16
Increase/(decrease) in other non-financial liability	(8.22)	(15.83)	26.98	17.54	15.46
Cash flow from/(used in) operations	**(5713.67)**	**171.95**	**(15,990.54)**	**(7,394.50)**	**(7,058.02)**
Income tax paid	(70.65)	(157.47)	(416.74)	(535.75)	(436.30)
Net cash flow from/(used in) operating activities (A)	**(5,784.32)**	**14.48**	**(16,407.28)**	**(7,930.25)**	**(7,494.32)**
II. Cash flow from investing activities					
Purchase of property, plant and equipments	(10.46)	(7.52)	(62.77)	(75.41)	(29.57)
Proceeds from sale of property, plant and equipment	-	-	-	0.99	-
Purchase of intangible assets	-	-	(0.05)	(2.45)	(1.48)
Purchase of investments	(18,200)	(15,050.00)	(67,650)	(43,330.00)	(50,014.24)
Proceeds from sale of investments	18,247.00	15,144.68	67,897.65	43,502.45	50,245.81
Net cash flow from investing activities (B)	**36.54**	**87.16**	**184.83**	**95.58**	**200.52**

(₹ in millions, unless otherwise stated)					
Particulars	**For three months period ended June 30, 2022**	**For the three months period ended June 30, 2021**	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
III. Cash flow from financing activities					
Proceeds from issue of equity shares	2.74	1.75	656.95	4.79	5,000.98
Repayment of debt securities	(2,101.00)	(50.01)	(2,531.01)	(660.53)	(1,346.34)
Proceeds from debt securities	1,800.00	-	450.00	6,577.19	348.71
Repayment of borrowings (other than debt securities)	(8,166.48)	(5,611.45)	(25,905.28)	(20,036.34)	(17,800.02)
Proceeds from borrowings (other than debt securities)	10,840.00	5,627.92	41,043.00	28,711.21	19,247.43
Proceeds from Subordinated debt	-	-	550.00	-	-
Repayment of Subordinated debt	-	(70.00)	(70.00)	-	-
Payment of lease liability	(3.07)	(2.60)	(11.69)	(4.12)	-
Net cash (used in)/flow from financing activities (C)	**2,372.19**	**(104.39)**	**14,181.97**	**14,592.20**	**5,450.76**
Net (decrease)/increase in cash and cash equivalents (A + B + C)	(3,375.59)	(2.75)	(2,040.48)	6,757.53	(1,843.04)
Cash and cash equivalents at the beginning of the period/year	10,113.72	12,154.20	12,154.20	5,396.67	7,239.71
Cash and cash equivalents at the end of the period/year	**6,738.13**	**12,151.46**	**10,113.72**	**12,154.20**	**5,396.67**

THE OFFER

The following table summarises the Offer details:

Offer of Equity Shares	Up to [●] Equity Shares aggregating up to ₹ [●] million
Of which:	
Fresh Issue[(1)]	Up to [●] Equity Shares aggregating up to ₹ 6,000 million
Offer for Sale[(2)] by Selling Shareholders	Up to 13,695,466 Equity Shares aggregating up to ₹ [●] million
The Offer consists of:	
A. QIB Portion[(3) (4)]	Not more than [●] Equity Shares
Of which:	
Anchor Investor Portion	Up to [●] Equity Shares
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
Of which:	
Mutual Fund Portion (5% of the Net QIB Portion)	[●] Equity Shares
Balance of QIB Portion for all QIBs including Mutual Funds	[●] Equity Shares
B. Non-Institutional Portion[(4)(5)]	Not less than [●] Equity Shares
C. Retail Portion[(4)]	Not less than [●] Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	84,326,388 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds	See "*Objects of the Offer*" on page 102 for information about the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

(1) *Our Board has authorised the Fresh Issue, pursuant to its resolution dated July 25, 2021. Our Shareholders have authorised the Fresh Issue pursuant to their resolution dated July 27, 2021.*

(2) *The Selling Shareholders have, severally and not jointly, confirmed and approved their participation in the Offer for Sale. For details of authorizations received for the Offer for Sale, as set forth below:*

Selling Shareholder	Number of Equity Shares being sold in the Offer	Date of resolution passed by the Selling Shareholders	Date of consent from Selling Shareholders
Devesh Sachdev	Up to 650 ,000	-	July 31, 2021; and October 14, 2022
Mini Sachdev	Up to 100,000	-	July 31, 2021; and October 14, 2022
Honey Rose Investment Ltd	Up to 1,400,000	July 28, 2021	July 28, 2021; and October 14, 2022
Creation Investments Fusion, LLC	Up to 1,400,000	July 28, 2021	July 28, 2021; and October 14, 2022
Oikocredit Ecumenical Development Cooperative Society U.A.	Up to 6,606,375	June 14, 2021	July 30, 2021
Global Impact Funds, S.C.A., SICAR	Up to 3,539,091	July 15, 2021	July 28, 2021; and October 14, 2022

(3) *Our Company through its IPO Committee, may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the QIB Portion. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding the Anchor Investor 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. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, see "Offer Procedure" on page 414.

(4) *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 at the discretion of our Company acting through its IPO Committee, in consultation with the BRLMs and the Designated Stock Exchange. In case of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, the Allotment for the valid Bids will be made in the first instance towards subscription for 90% of the Fresh Issue ("**Minimum Subscription**") prior to the sale of Equity Shares in the Offer for Sale, provided that post satisfaction of the Minimum Subscription, Equity Shares will be Allotted under the Offer for Sale in proportion to the Offered Shares being offered by the Selling Shareholders. For avoidance of doubt, it is hereby clarified that balance Equity Shares of the Fresh Issue (i.e., 10% of the Fresh Issue) will be offered only once the entire portion of the Offered Shares is Allotted in the Offer. For further details, see, "Terms of the Offer" on page 400.*

(5) *The Equity Shares 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 Bidders with a Bid size of more than ₹ 0.20 million and up to ₹ 1.00 million, and (ii) two-third of the portion available to Non-Institutional Bidders shall be reserved for Bidders with a Bid size of more than ₹ 1.00 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 Bid Lot, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis.*

Allocation to Bidders in all categories, except the Retail Portion and Anchor Investor Portion, if any, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price. The Allocation to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allocated on a proportionate basis. For further details, see "*Offer Procedure*" on page 414.

GENERAL INFORMATION

Our Company was originally incorporated as Ambience Fincap Private Limited on September 5, 1994 at New Delhi, India as a private limited company under the Companies Act, 1956, as amended. On January 9, 2003, the RBI granted a certificate of registration bearing registration no. B-14.02857 to our Company, for the registration of our Company as a non-deposit accepting non-banking financial company under Section 45IA of the Reserve Bank of India Act, 1934. Subsequently, the name of our Company was changed to 'Fusion Micro Finance Private Limited' and a fresh certificate of incorporation, dated April 19, 2010 was issued by the RoC to describe the business of the Company, post which the RBI granted a certificate of registration dated May 19, 2010 reflecting the change of name. Our Company was granted NBFC – Microfinance Institution status by the RBI with effect from January 28, 2014 and a modified certificate of registration bearing registration no. B-14.02857 was issued by the RBI to this effect.

The name of our Company was further changed to Fusion Micro Finance Limited upon conversion to a public limited company and a fresh certificate of incorporation was issued by the RoC on July 20, 2021, post which a fresh certificate of registration as an NBFC (not accepting public deposits) dated October 1, 2021, was issued by the RBI reflecting the change in name of our Company.

For details of changes in the name and registered office address of our Company, see *"History and Certain Corporate Matters"* on page 212.

Address of the Registrar of Companies

Our Company is registered with the Registrar of Companies, Delhi and Haryana, situated at the following address:

Registrar of Companies, Delhi and Haryana
4th Floor, IFCI Tower
61, Nehru Place
New Delhi 110 019
India

Board of Directors

The table below sets forth the details of the constitution of our Board:

Name	Designation	DIN	Address
Devesh Sachdev	Managing Director and Chief Executive Officer	02547111	8, Club Road, Malibu Towne, Sector-47, South City-II, Gurgaon, Haryana, India 122018
Ratna Dharashree Vishwanathan	Independent Director	07278291	G 702 Central Park 1 Golf Course Road, Sector 42, Sikanderpur Ghosi (68), Gurgaon, Haryana 122002, India
Namrata Kaul	Independent Director	00994532	Flat 401, Tower B6, The World Spa West, Sector 30, Gurgaon, Haryana, India – 122001
Pankaj Vaish	Independent Director	00367424	008 Embassy Eros, 7 Ulsoor Road, Bangalore, Karnataka, India- 560042
Narendra Ostawal	Nominee Director	06530414	B-4101, 41st Floor, Plot CS No 77, B Wing, One Avighna Park, Mahadeo Palav Marg, Curry Road, Parel, Mumbai, Maharashtra, India - 400012
Kenneth Dan Vander Weele	Nominee Director	02545813	445 E, North Water Street, Apt 2101, Chicago, Illinois, United States of America - 60611

For brief profiles of our Directors, please see "*Our Management*" on page 218.

Selling Shareholders

The Selling Shareholders in the Offer are Devesh Sachdev, Mini Sachdev, Honey Rose Investment Ltd, Creation Investments Fusion, LLC, Oikocredit Ecumenical Development Cooperative Society U.A. and Global Impact Funds, S.C.A., SICAR.

Company Secretary and Compliance Officer

Deepak Madaan is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Plot no. 86
Institutional Sector 32, Gurugram
Haryana 122001, India.
Tel: +91-124-6910500
E-mail: companysecretary@fusionmicrofinance.com

Statutory Auditors of our Company

M/s. Deloitte Haskins and Sells
Chartered Accountants
7th Floor, Tower B, Building 10,
DLF Cyber City, DLF Phase 2,
Gurugram, Haryana-122002, India
Tel.: 0124 6792000
Email: jagarwal@deloitte.com
Firm Registration Number: 015125N
Peer Review Certificate Number: 013583

Changes in Statutory Auditors

Except as disclosed below, there have been no changes to our statutory auditors in the last three years:

Particulars	Date of change	Reason for change
M/s. Deloitte Haskins and Sells **Chartered Accountants** 7th Floor, Tower B, Building 10, DLF Cyber City, DLF Phase 2, Gurugram, Haryana-122002, India **Tel.:** 0124 6792000 **Email:** jagarwal@deloitte.com **Firm Registration Number:** 015125N **Peer Review Certificate Number:** 013583	August 5, 2022	Appointment as Statutory Auditor
S.R. Batliboi & Associates LLP 2nd & 3rd floor, Golf View Corporate Tower – B Sector – 42, Sector Road Gurugram – 122 002 Haryana, India Email: srba@srba.in Peer Review Certificate Number: 013325 Firm Registration Number: 101049W/E300004	August 5, 2022	Completion of term as a statutory auditor of our Company, rotation pursuant to the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) issued by RBI vide its circular no. Ref.No.DoS.CO.ARG/SEC. 01/08.91.001/2021-22 dated April 27, 2021.

Book Running Lead Managers

ICICI Securities Limited
ICICI Venture House, Appasaheb Marathe Marg
Prabhadevi, Mumbai 400 025
Maharashtra, India
Tel: +91 22 6807 7100
E-mail: fusion.ipo@icicisecurities.com
Investor grievance e-mail:
customercare@icicisecurities.com
Contact person: Shekhar Asnani/Gaurav Mittal
Website: www.icicisecurities.com
SEBI Registration: INM000011179

CLSA India Private Limited
8/F Dalamal House
Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: +91 22 6650 5050
E-mail: fusionmicrofinance.ipo@clsa.com
Investor grievance e-mail:
investor.helpdesk@clsa.com
Contact person: Sarfaraz Agboatwala / Prachi Chandgothia
Website: www.india.clsa.com
SEBI Registration: INM000010619

IIFL Securities Limited
10th Floor, IIFL Centre
Kamala City, Senapati Bapat Marg
Lower Parel (West), Mumbai
Maharashtra, India 400 013
Tel: +91 22 4646 4728
E-mail: fusion.ipo@iiflcap.com
Investor grievance e-mail: ig.ib@iiflcap.com
Contact person: Pawan Jain/ Dhruv Bhagwat
Website: www.iiflcap.com
SEBI Registration: INM000010940

JM Financial Limited
7th Floor, Cnergy,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai, India 400 025
Tel.: +91 22 6630 3030
E-mail: fusion.ipo@jmfl.com
Investor grievance e-mail: grievance.ibd@jmfl.com
Contact person: Prachee Dhuri
Website: www.jmfl.com
SEBI Registration: INM000010361

Statement of inter-se allocation of responsibilities among the BRLMs

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

Sr. No.	Activity	Responsibility	Co-ordinator
1.	Capital structuring, due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing	ISEC, CLSA, IIFL, JM	ISEC
2.	Drafting and approval of all statutory advertisement	ISEC, CLSA, IIFL, JM	ISEC
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report	ISEC, CLSA, IIFL, JM	JM
4.	Appointment of intermediaries - Registrar to the Offer and advertising agency, including coordination of all agreements to be entered into with such intermediaries	ISEC, CLSA, IIFL, JM	ISEC
5.	Appointment of intermediaries - Banker(s) to the Offer, Sponsor Bank, printer and other intermediaries, including coordination of all agreements to be entered into with such intermediaries	ISEC, CLSA, IIFL, JM	IIFL
6.	International institutional marketing of the Offer, which will cover, *inter alia*: • marketing strategy; • preparation of road show presentation and frequently asked questions • Finalizing the list and division of investors for one-to-one meetings; and Finalizing road show and investor meeting schedule	ISEC, CLSA, IIFL, JM	CLSA
7.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • marketing strategy; • Finalizing the list and division of investors for one-to-one meetings; and	ISEC, CLSA, IIFL, JM	ISEC

Sr. No.	Activity	Responsibility	Co-ordinator
	• Finalizing road show and investor meeting schedule		
8.	Conduct non-institutional marketing of the Offer, which will cover, inter-alia: • Finalising media, marketing and public relations strategy; Formulating strategies for marketing to Non-Institutional Bidders	ISEC, CLSA, IIFL, JM	IIFL
9.	Retail marketing of the Offer, which will cover, *inter alia,* • Finalising media, marketing and public relations strategy including list of frequently asked questions at retail road shows; • Finalising centres for holding conferences for brokers, etc.; • Follow-up on distribution of publicity and Offer material including application form, the Prospectus and deciding on the quantum of the Offer material; and Finalising collection centres	ISEC, CLSA, IIFL, JM	JM
10.	Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit, anchor coordination, anchor CAN and intimation of anchor allocation	ISEC, CLSA, IIFL, JM	JM
11.	Managing the book and finalization of pricing in consultation with the Company	ISEC, CLSA, IIFL, JM	CLSA
12.	Post-Offer activities, which shall involve essential follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising Company about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, Sponsor Bank, SCSBs including responsibility for underwriting arrangements, as applicable. Coordinating with Stock Exchanges and SEBI for submission of all post-Offer reports including the initial and final post-Offer report to SEBI, release of 1% security deposit post closure of the Offer	ISEC, CLSA, IIFL, JM	IIFL

Registrar to the Offer

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

Legal Counsel to our Company as to Indian Law

IndusLaw
2nd Floor, Block D
The MIRA, Mathura Road
New Delhi 110 065
India
Tel: +91 11 4782 1000

and

#1502B, 15th Floor
Tower – 1C,
"One World Centre"
Senapati Bapat Marg

Legal Counsel to the BRLMs as to Indian Law

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

Lower Parel, Mumbai 400013
India
Tel: +91 22 4920 7200

International legal counsel to the BRLMs

Sidley Austin LLP
Level 31, Six Battery Road
Singapore 049909
Tel: +65 6230 3900

Legal Counsel to Devesh Sachdev and Mini Sachdev as to Indian Law

IndusLaw
#1502B, 15th Floor
Tower – 1C,
"One World Centre"
Senapati Bapat Marg
Lower Parel, Mumbai 400013
Tel: +91 22 4920 7200

Legal Counsel to Honey Rose, Creation I, Creation II, Global Impact Funds, S.C.A., SICAR, and Oikocredit as to Indian Law

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

Bankers to our Company

HDFC Bank Limited
E-51, Naraina Vihar, New Delhi - 110028
Tel: 9396742847
Contact Person: Gavvala Ravinder
Website: www.hdfcbank.com
Email: gavvala.ravinder@hdfcbank.com

Axis Bank Limited
Sco 50 & 51, Old Judicial Complex, Civil Lines,
Sector 15, Gurgaon, Haryana, 122001
Telephone Number(s): 0124-46589111/9582807911
Contact Person: Branch Head – Sector 15 Gurgaon
Website: www.axisbank.com
Email: sectorl5gurgaon.branchhead@axisbank.com

Syndicate Members

JM Financial Services Limited
Address: 2, 3 & 4, Kamanwala Chambers, Ground Floor, Fort, Mumbai – 400001, Maharashtra, India
Tel: 022-6136 3400
E-mail: tn.kuma@jmfl; sona.verghese@jmfl.com
Website: jmfinancialservices.in
Contact Person: T N Kumar/ Sona Verghese
SEBI Registration Number: INZ 000195834
CIN: U67120MH1998PLC115415

Escrow Collection Bank(s)/ Refund Bank(s)/Public Offer Account Bank

Axis Bank Limited
Sco 50 & 51, Old Judicial Complex Civil Lines,

Sector 15, Gurugram
Haryana 122001
Telephone: +91 9582807911/+91 9582807912
Email: sector15gurgaon.branchhead@axisbank.com,
sector15gurgaon.operationshead@axisbank.com
Website: www.axisbank.com
SEBI Registration Number: INB100000017
Contact Person: Vivek Aggarwal

Sponsor Banks

Axis Bank Limited
Sco 50 & 51, Old Judicial Complex, Civil Lines,
Sector 15, Gurugram
Haryana, 122001
Telephone: +91 9582807911/+91 9582807912
Email: sector15gurgaon.branchhead@axisbank.com and sector15gurgaon.operationshead@axisbank.com
Website: www.axisbank.com
SEBI Registration Number: INB100000017
Contact Person: Vivek Aggarwal

HDFC Bank Limited
Telephone: 022-30752927/28/2914
Email: siddharth.jadhav@hdfcbank.com, eric.bacha@hdfcbank.com, vikas.rahate@hdfcbank.com, and tushar.gavankar@hdfcbank.com
Website: www.hdfcbank.com
SEBI Registration Number: INBI00000063
Contact Person: Siddharth Jadhav, Eric Bacha, Vikas Rahate, Tushar Gavankar

Designated Intermediaries

Self Certified Syndicate Banks

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

SCSBs eligible as Issuer Banks for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, 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 (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time. A list of SCSBs and mobile applications, which are live for applying in public issues using UPI mechanism is provided as 'Annexure A' for the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investors and RIBs) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes&intmId=35, which may be and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do? Do Recognised=yes & in tm Id=35 or any such other website as may be prescribed by SEBI from time to time.

Registered Brokers

The list of the Registered Brokers, including details such as postal address, telephone number, and e - mail address, is provided on the websites of BSE and NSE at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3 and http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm,respectively, or such other websites 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, are provided on the websites of BSE and NSE at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, or such other websites 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, are provided on the websites of BSE and NSE at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, or such other websites as updated from time to time.

Credit Rating

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

Grading of the Offer

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

Debenture Trustees

As this is an offer of Equity Shares, there are no debenture trustees appointed for the Offer.

Monitoring Agency

Our Company has appointed Care Ratings Limited as the monitoring agency in accordance with Regulation 41 of the SEBI ICDR Regulations. Their contact details are as follows:

CARE Ratings Limited
4th Floor Godrej Coliseum, Somaiya Hospital Road,
Off Eastern Express Highway, Sion (East), Mumbai 400022
Email: care@careedge.in
Telephone: 011-45333200

Website: www.careedge.in
Contact Person: Mr. Aseem Juneja
SEBI Registration: IN/CRA/004/1999

Green Shoe Option

No green shoe option is contemplated under the Offer.

Appraising Entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency. Accordingly, no appraising entity is appointed for the Offer.

Filing

A copy of the Draft Red Herring Prospectus has been filed through the SEBI Intermediary Portal at https://sipotal.sebi.gov.in, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/ 011 dated January 19, 2018 and at cfddil@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "*Easing of Operational Procedure – Division of Issues and Listing – CFD*".

A copy of this Red Herring Prospectus, along with the material contracts and documents required to be filed, will be filed with the RoC in accordance with Section 32 of the Companies Act, 2013, and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, 2013 will be filed with the RoC at its office, and through the electronic portal at http://www.mca.gov.in/mcafoportal/loginvalidateuser.do.

Book Building Process

"Book building" refers to the process of collection of Bids from investors on the basis of this Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and minimum Bid Lot will be decided by our Company through its IPO Committee, in consultation with the BRLMs, and advertised in all editions of the English national daily newspaper, the Financial Express, all editions of the Hindi national daily newspaper, the Jansatta (Hindi being the regional language wherein our Registered Office is located), each with wide circulation, respectively, 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 website. The Offer Price shall be determined by our Company through its IPO Committee, in consultation with the BRLMs, after the Bid/ Offer Closing Date.

All Bidders, other than Anchor Investors, shall participate in the Offer mandatorily 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. Anchor Investors are not permitted to participate in the Offer through the ASBA process. In addition to this, UPI Bidders may participate through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs Bidding in the Net QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bid(s) (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Further, except for allocation to Retail Individual Bidders, Non-Institutional Bidders and the Anchor Investors, Allocation in the Offer will be on a proportionate basis. Allocation to Anchor Investors in the Anchor Investor Portion will be on a discretionary basis. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

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 "*Offer Structure*" and "*Offer Procedure*" on pages 411 and 414 respectively.

Our Company will comply with the SEBI ICDR Regulations and any other directions issued by SEBI in relation to this Offer. Each Selling Shareholder has, severally and not jointly, confirmed that it will comply with the SEBI ICDR Regulations and any other directions issued by SEBI, as applicable to such Selling Shareholder, in relation to the Offered Shares. In this regard, our Company and the Selling Shareholders have appointed the BRLMs to manage this Offer and procure Bids for this Offer.

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

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

Illustration of Book Building Process and the Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Offer Procedure*" on page 414.

Underwriting Agreement

After the determination of the Offer Price, but prior to the filing of the Prospectus with the RoC, the Selling Shareholders and our Company intend to enter into the Underwriting Agreement with the Underwriters for the Equity Shares. It is proposed that pursuant to the terms of the Underwriting Agreement, each of the BRLMs shall be severally responsible for bringing in the amount devolved in the event the respective Syndicate Member do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters are several and are subject to certain conditions specified therein.
The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

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

Name, address, Tel. number and email address of the Underwriters	Indicative Number of Equity Shares to be underwritten	Amount underwritten (₹ million)
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
Total	[●]	[●]

The above-mentioned amount is indicative and will be finalised after determination of the Offer Price and finalisation of the Basis of Allotment and subject to the provisions of the SEBI ICDR Regulations.

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

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments set forth in the table above. Notwithstanding the above table, each of the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to Bidders procured by them, in accordance with the Underwriting Agreement.

The Underwriting Agreement has not been entered into as on the date of this Red Herring Prospectus. The Underwriting Agreement shall be entered into on or after the Pricing Date but prior to filing of the Prospectus with the RoC.

CAPITAL STRUCTURE

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

(In ₹, except share data)

Sr. No.	Particulars	Aggregate nominal value	Aggregate value at offer price*
(A)	**AUTHORISED SHARE CAPITAL**		
	105,000,000 shares	1,050,000,000	-
	Comprising:		
	105,000,000 Equity Shares of face value of ₹10 each	1,050,000,000	-
(B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	Comprising:		
	84,326,388 Equity Shares of face value of ₹ 10 each	843,263,880**	-
(C)	**PRESENT OFFER**		
	Offer of up to [●] Equity Shares(a)	[●]	[●]
	Comprising:		
	Fresh Issue of up to [●] Equity Shares	[●]	[●]
	Offer for Sale of up to 13,695,466 Equity Shares by the Selling Shareholders(b)	[●]	[●]
(D)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER+**		
	[●] Equity Shares of face value of ₹ 10 each	Up to [●]	-
(E)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	10,760.41 million**	
	After the Offer*	[●]	

* *To be included upon determination of the Offer Price.*

** *Inclusive of treasury shares.*

\+ *Assuming full subscription in the Offer*

(a) *Our Board has authorised the Offer, pursuant to their resolution dated July 25, 2021. Our Shareholders have authorised the Offer pursuant to special resolution dated July 27, 2021.*

(b) *The Selling Shareholders have, severally and not jointly, confirmed that the Offered Shares has been held by it for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI in accordance with Regulation 8 of the SEBI ICDR Regulations and accordingly, are eligible for being offered for sale in the Offer in accordance with the provisions of the SEBI ICDR Regulations. The Selling Shareholders have, severally and not jointly confirmed and authorized their participation in the Offer for Sale. For details on the authorization by the Selling Shareholders in relation to the Offered Shares, see "Other Regulatory and Statutory Disclosures" on page 386.*

Changes in our Authorised Share Capital

For details in relation to the changes in the authorised share capital of our Company, see "*History and Certain Corporate Matters - Amendments to our MoA*" on page 213.

Notes to Capital Structure

1. **Share Capital History**

A. History of equity share capital of our Company

The following table sets forth the history of the Equity Share capital of our Company:

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Offer price per Equity Share (₹)	Form of consideration	Nature of allotment	Name of the allottee	Cumulative number of Equity Shares	Cumulative paid-up Equity Share Capital (₹)
August 1, 1994	200	10	10	Cash	Initial subscription to	Sanjay Agarwal (100);	200	2,000

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Offer price per Equity Share (₹)	Form of consideration	Nature of allotment	Name of the allottee	Cumulative number of Equity Shares	Cumulative paid-up Equity Share Capital (₹)
					the MoA ^	Gopal Prasad Agarwal (100).		
December 26, 1994	149,800	10	10	Cash	Preferential allotment ^	Sanjay Agarwal (800); Gopal Prasad Agarwal (15,000); Dayal Agarwal (15,000); Suresh C Agarwal (10,000); Suresh C Agarwal HUF (15,000); Wall Street Fincap Services Private Limited (35,000); Agbras Builders and Engineers (35,000); Agbras Fincap (24,000).	150,000	1,500,000
March 31, 1999	150,000	10	10	Cash	Preferential allotment	Advert Holdings (P) Ltd. (30,000); ARG Financial Services (P) Ltd. (40,000); Wall Street Fincap Services (P) Ltd. (40,000); Samarth Fincap Services (P) Ltd. (40,000).	300,000	3,000,000
March 20, 2001	200,000	10	10[(2)]	Cash	Preferential allotment ^	Chintpurri Credits and Leasing (33,000); Kanika Finvest Securities (77,000); KCA Allied Services (90,000).	500,000	5,000,000
February 16, 2010	150,000	10	10	Bonus	Bonus issue in the ratio of 3 Equity Shares for every 10 Equity Shares	Ashish Tewari (50,400); Payal Mittal Tewari (24,600); Devesh Sachdev (75,000).	650,000	6,500,000
February 18, 2010	240,000	10	10	Cash	Preferential allotment	Praveen Choudhary (1,00,000);Poonam Batra (50,000); Devesh Sachdev (40,000); Yashvir Singh (50,000).	890,000	8,900,000
March 12, 2010	275,000	10	10	Cash	Preferential allotment	Mini Sachdev (200,000); Raghvandra Mittal (50,000); Yogesh Sharma	1,165,000	11,650,000

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Offer price per Equity Share (₹)	Form of consideration	Nature of allotment	Name of the allottee	Cumulative number of Equity Shares	Cumulative paid-up Equity Share Capital (₹)
						(25,000).		
March 23, 2010	105,000	10	10	Cash	Preferential allotment	Vishal Nagpal (25,000); Monika Sharma (25,000); Shashi Bala Wahi (25,000); Devesh Sachdev (30,000).	1,270,000	12,700,000
March 31, 2010	389,500	10	10	Cash	Preferential allotment	Jasbinder Singh Toor (50,000); Meenakshi Rao (80,000); Tarika Sachdeva (35,000); Payal Mittal Tewari (149,500); Lovkesh Chauhan (HUF) (25,000); Soniya Vikrant Bhagwat (25,000); Sawant Jayram Vishnu (25,000).	1,659,500	16,595,000
May 10, 2010	1,290,000	10	10	Cash	Preferential allotment	Devesh Sachdev (190,000); Praveen Choudhary (60,000); Poonam Batra (55,000); Mini Sachdev (100,000); Vishal Nagpal (25,000); Pooja Chib (25,000); Kapil Juneja (25,000); Shridhar Kuchibhottla (50,000); Atmaram (200,000); Diwan Chand (25,000); Ravi Nagpal (25,000); Anil Bholla (50,000); Anju Bholla (50,000); Ankur Singhal (150,000); Suresh Chand Jain (40,000); Shobhna Ganesh Deodhar (50,000); Ashish Tewari HUF (45,000); RSL Tewari HUF (65,000); Aruna Tewari (10,000); Lokesh Tuteja (50,000).	2,949,500	29,495,000
May 14, 2010	290,000	10	10	Other than Cash	Sweat Equity Shares	Ashish Tewari (145,000);	3,239,500	32,395,000

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Offer price per Equity Share (₹)	Form of consider ation	Nature of allotment	Name of the allottee	Cumulative number of Equity Shares	Cumulative paid-up Equity Share Capital (₹)
						Devesh Sachdev (145,000).		
May 28, 2010	2,237,314	10	20.11	Cash	Preferential allotment	RIF North 2	5,476,814	54,768,140
October 12, 2011	200,000	10	10	Cash	Preferential allotment	Ashish Tewari (100,000); Devesh Sachdev (100,000).	5,676,814	56,768,140
March 7, 2013	3,070,176	10	28.50	Cash	Preferential allotment	RIF North 2 (1,043,860); NMI Frontier Fund (2,026,316).	8,746,990	87,469,900
March 7, 2013	1,956,000	10	25.56	Cash	Conversion of CCCPPS	RIF North 2.	10,702,990	107,029,900
June 24, 2014	303,425	10	10	Other than Cash	Preferential allotment	Ashish Tewari (151,713); Devesh Sachdev (151,712).	11,006,415	110,064,150
September 29, 2014	4,276,428	10	38	Other than Cash	Conversion of compulsorily convertible debentures	RIF North 2 (1,453,986); NMI Frontier Fund (2,822,442).	15,282,843	152,828,430
September 29, 2014	288,253	10	20.55	Cash	ESOP	Fusion Employees Benefit Trust	15,571,096	155,710,960
April 27, 2015	1,557,110	10	20.55	Cash	ESOP	Fusion Employees Benefit Trust	17,128,206	171,282,060
June 19, 2015	2,009,840	10	52.74	Cash	Preferential allotment	Belgian Investment Company for Developing Countries SA (1,004,920); Oikocredit Ecumenical Development Cooperative Society U.A. (1,004,920).	19,138,046	191,380,460
May 11, 2016	5,300,000	10	80	Other than Cash	Conversion of compulsorily convertible debentures	Belgian Investment Company for Developing Countries SA (2,650,000); Oikocredit Ecumenical Development Cooperative Society U.A. (2,650,000).	24,438,046	244,380,460
July 5, 2016	735,530	10	27.08	Cash	Preferential allotment	Devesh Sachdev	25,173,576	251,735,760
July 5, 2016	85,141	10	27.08	Cash	ESOP	Fusion Employees Benefit Trust	25,258,717	252,587,170
August 12, 2016	9,916,000	10	100	Cash	Preferential allotment	Creation Investments Fusion, LLC	35,174,717	351,747,170

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Offer price per Equity Share (₹)	Form of consideration	Nature of allotment	Name of the allottee	Cumulative number of Equity Shares	Cumulative paid-up Equity Share Capital (₹)
						(3,700,000); Global Impact Funds, S.C.A., SICAR (3,330,000); Belgian Investment Company for Developing Countries SA (1,480,000); Oikocredit Ecumenical Development Cooperative Society U.A. (1,406,000).		
December 30, 2017	6,141,011	10	110	Cash	Preferential allotment	Creation Investments Fusion, LLC (5,041,716); Devesh Sachdev (1,099,295)[1].	41,315,728	403,263,625
February 8, 2018	1,754,546	10	110	Cash	Preferential allotment	Oikocredit Ecumenical Development Cooperative Society U.A. (1,545,455); Global Impact Funds, S.C.A., SICAR (209,091).	43,070,274	420,809,085
July 16, 2018	549,647	10	110	Cash	ESOP	Fusion Employees Benefit Trust	43,619,921	426,305,555
July 16, 2018	647,659	10	110	Cash	Preferential allotment	Devesh Sachdev[1]	44,267,580	426,953,214
October 15, 2018	625,093	10	52.31	Other than Cash	Conversion of optionally convertible preference shares	Small Industries Development Bank of India	44,892,673	433,204,144
December 5, 2018	20,827,915	10	154.04	Cash	Preferential allotment	Honey Rose Investment Ltd (19,475,461); Devesh Sachdev (1,352,454) [1]	65,720,588	629,311,208
July 16, 2019	549,647	10	154.04	Cash	ESOP	Fusion Employees Benefit Trust	66,270,235	634,807,678
December 20, 2019	18,056,153	10	290.48	Cash	Preferential allotment	Honey Rose Investment Ltd (12,393,280); Creation Investments Fusion II, LLC (4,819,609); Devesh Sachdev (843,264) [1].	84,326,388	807,779,832
July 30, 2021	Pursuant to certain Equity Shares being made fully paid up[1], our cumulative paid-up Equity Share Capital increased to ₹ 843,263,880							

^ *Please see, "Risk Factors - Some of our secretarial records are not traceable" at page 49.*
(1) *These Equity Shares were partly paid up at the time of allotment and were made fully paid up on July 30, 2021.*
(2) *These Equity Shares were partly paid up at the time of allotment and were made fully paid up on January 15, 2010.*

B. *History of Preference Share Capital of our Company*

The history of the preference share capital of our Company is provided in the following table:

Optionally Convertible Preference Shares ("OCPS")								
Date of allotment	**Number of OCPS allotted**	**Face value (₹)**	**Offer price per OCPS (₹)**	**Form of consideration**	**Nature of allotment**	**Name of the Allottee**	**Cumulative number of OCPS**	**Cumulative paid-up OCPS capital (₹)**
October 16, 2014	3,000,000	10	10	Cash	Preferential allotment[1]	Small Industries Development Bank of India	3,000,000[1]	30,000,000

(1) *The 3,000,000 OCPS issued to Small Industries Development Bank of India have been converted into 625,093 Equity Shares pursuant to resolution passed by our Board of Directors dated October 4, 2018, and the Equity Shares were allotted pursuant to the conversion on October 15, 2018.*

Convertible Cumulative Participating Preference Shares ("CCCPPS")								
Date of allotment	**Number of CCCPPS allotted**	**Face value (₹)**	**Offer price per CCCPPS (₹)**	**Nature of consideration**	**Nature of allotment**	**Name of the Allottee**	**Cumulative number of CCCPPS**	**Cumulative paid-up CCCPPS capital (₹)**
March 25, 2011	5,000,000	10	10	Cash	Preferential allotment[2]	RIF – North 2	5,000,000	50,000,000

(2) *The 5,000,000 CCCPPS issued to RIF - North 2 have been converted into 1,956,000 Equity Shares pursuant to resolution passed by our Board of Directors dated March 7, 2013.*

C. *Shares issued for consideration other than cash or out of revaluation reserves or as bonus issue*

Our Company has not issued any Equity Shares or Preference Shares out of revaluation of reserves since its incorporation. Further, except as disclosed below, our Company has not issued Equity Shares or Preference Shares for consideration other than cash or as bonus issue:

Date of allotment	**Number of Equity Shares allotted**	**Face value (₹)**	**Offer price per Equity Share (₹)**	**Nature of allotment**	**Name of the allottee**	**Benefits accrued to our Company**
February 16, 2010	150,000	10	10	Bonus issue in the ratio of 3 Equity Shares for every 10 Equity Shares	Ashish Tewari (50,400); Payal Mittal Tewari (24,600); Devesh Sachdev (75,000).	Not applicable
May 14, 2010	290,000	10	10	Sweat Equity Shares	Ashish Tewari (145,000); Devesh Sachdev (145,000).	For providing technical support, assisting with business plan implementation and setting up of operations of the Company.
June 24, 2014	303,425	10	10	Preferential allotment	Ashish Tewari (151,713); Devesh Sachdev (151,712).	For achievement of performance targets.
September 29, 2014	4,276,428	10	38	Conversion of compulsorily convertible debentures	RIF North 2 (1,453,986); NMI Frontier Fund (2,822,442).	Conversion to Equity Shares pursuant to SHA.

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Offer price per Equity Share (₹)	Nature of allotment	Name of the allottee	Benefits accrued to our Company
May 11, 2016	5,300,000	10	80	Conversion of compulsorily convertible debentures	Belgian Investment Company for Developing Countries SA (2,650,000); Oikocredit Ecumenical Development Cooperative Society U.A.(2,650,000).	Conversion to Equity Shares pursuant to SHA.
October 15, 2018	625,093	10	52.31	Conversion of optionally convertible preference shares	Small Industries Development Bank of India	Conversion to Equity Shares pursuant to SHA.

D. Issue of Equity Shares or Preference Shares pursuant to schemes of arrangement

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

E. Issue of Equity Shares or Preference Shares at a price lower than the Offer Price in the last year

Our Company has not issued any Equity Shares or Preference Shares during the period of one year preceding the date of this Red Herring Prospectus.

F. Issue of Equity Shares under employee stock option schemes

For details of Equity Shares issued by our Company pursuant to the exercise of options which have been granted under the employee stock option schemes, see "*History of equity share capital of our Company*" on page 79.

2. **History of build-up of Promoters' shareholding and lock-in of Promoter's shareholding including Promoter's Contribution)**

As on the date of this Red Herring Prospectus, our Promoters hold, in aggregate, 71,850,716 Equity Shares, which constitute 85.21 % of the issued, subscribed and (paid-up) Equity Share capital of our Company. The details regarding our Promoter's shareholding is set out below:

a) Build-up of Promoters' shareholding in our Company

Set forth below is the build-up of our Promoters' shareholding since the incorporation of our Company:

(I.) Equity Shares

Date of allotment/ transfer	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue/ acquisition/transfer price per Equity Share (₹)	Nature of consideration	Nature of transaction	% of the pre-Offer Equity Share capital	% of the post-Offer share capital
Honey Rose Investment Ltd ("Honey Rose")							
December 5, 2018	19,475,461	10	154.04	Cash	Preferential Allotment	23.10	[●]
December 5, 2018	3,680,138	10	152.50	Cash	Transfer from RIF North 2	4.36	[●]
December 5, 2018	4,848,758	10	152.50	Cash	Transfer from NMI Frontier Fund	5.75	[●]
December 5, 2018	625,093	10	154.04	Cash	Transfer from Small Industries	0.74	[●]

Date of allotment/ transfer	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue/ acquisition/transfer price per Equity Share (₹)	Nature of consideration	Nature of transaction	% of the pre-Offer Equity Share capital	% of the post-Offer share capital
					Development Bank of India		
December 20, 2019	12,393,280	10	290.48	Cash	Preferential Allotment	14.70	[●]
Total (A)	**41,022,730**					**48.65**	
All the Equity Shares held by Honey Rose were fully paid-up on the respective dates of allotment of such Equity Shares.							
Creation Investments Fusion, LLC ("Creation I")							
August 12, 2016	1,250,692	10	117	Cash	Transfer from Payal Mittal Tewari	1.48	[●]
August 12, 2016	45,000	10	117	Cash	Transfer from Ashish Tewari HUF	Negligible	[●]
August 12, 2016	65,000	10	117	Cash	Transfer from RSL Tewari HUF	Negligible	[●]
August 12, 2016	16,167	10	117	Cash	Transfer from Aruna Tewari	Negligible	[●]
August 12, 2016	3,011,022	10	100	Cash	Transfer from RIF North II	3.57	[●]
August 12, 2016	151,250	10	80	Cash	Transfer from Infrastructure IT Solution Private Limited	0.18	[●]
August 12, 2016	136,250	10	80	Cash	Transfer from Parth Sethia	0.16	[●]
August 12, 2016	287,500	10	80	Cash	Transfer from Chander Prakash Bhardwaj	0.34	[●]
August 12, 2016	222,000	10	80	Cash	Transfer from Narendra Kumar Bhardwaj	0.26	[●]
August 12, 2016	221,000	10	80	Cash	Transfer from Surendra Kumar Bhardwaj	0.26	[●]
August 12, 2016	222,000	10	80	Cash	Transfer from Rajesh Kumar Bhardwaj	0.26	[●]
August 12, 2016	494,783	10	117	Cash	Transfer from Ashish Tewari	0.59	[●]
August 12, 2016	3,700,000	10	100	Cash	Preferential Allotment	4.39	[●]
November 11, 2016	43,833	10	117	Cash	Transfer from Aruna Tewari	Negligible	[●]
December 30, 2017	5,041,716	10	110	Cash	Preferential Allotment	5.98	[●]
December 30, 2017	212,830	10	110	Cash	Transfer from Ashish Tewari	0.25	[●]
December 30, 2017	200,000	10	110	Cash	Transfer from Devesh Sachdev	0.24	[●]
Total (B)	**15,321,043**					**18.17**	
All the Equity Shares held by Creation I were fully paid-up on the respective dates of allotment of such Equity Shares.							
Creation Investments Fusion II, LLC ("Creation II")							
December 5, 2018	5,134,920	10	154.04	Cash	Transfer from Belgian	6.09	[●]

Date of allotment/ transfer	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue/ acquisition/transfer price per Equity Share (₹)	Nature of consideration	Nature of transaction	% of the pre-Offer Equity Share capital	% of the post-Offer share capital
					Investment Company for Developing Countries SA		
December 20, 2019	4,819,609	10	290.48	Cash	Preferential Allotment	5.71	[●]
Total (C)	**9,954,529**					**11.80**	

All the Equity Shares held by Creation II were fully paid-up on the respective dates of allotment of such Equity Shares.

Date of allotment/ transfer	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue/ acquisition/transfer price per Equity Share (₹)	Nature of consideration	Nature of transaction	% of the pre-Offer Equity Share capital	% of the post-Offer share capital
Devesh Sachdev							
January 1, 2010	24,000	10	12.70	Cash	Transfer from Amit Agarwal / Arun Agarwal	0.03	[●]
January 1, 2010	35,000	10	7.50#	Cash	Transfer from Amit Agarwal / Arun Agarwal	0.04	[●]
January 1, 2010	16,000	10	12.70	Cash	Transfer from Amit Agarwal / Arun Agarwal	0.02	[●]
January 1, 2010	10,000	10	7.50	Cash	Transfer from Madhu Agarwal / Arun Agarwal	0.01	[●]
January 1, 2010	20,000	10	12.70	Cash	Transfer from Madhu Agarwal / Arun Agarwal	0.02	[●]
January 1, 2010	40,000	10	12.70	Cash	Transfer from Madhu Agarwal / Arun Agarwal	0.05	[●]
January 1, 2010	15,000	10	12.70	Cash	Transfer from Arun Agarwal / Madhu Agarwal	0.02	[●]
January 1, 2010	30,000	10	7.50#	Cash	Transfer from Amit Agarwal / Arun Agarwal	0.04	[●]
January 1, 2010	60,000	10	12.70	Cash	Transfer from Arun Agarwal / Madhu Agarwal	0.07	[●]
February 16, 2010	75,000	10	10	Cash	Allotment of Bonus shares	0.08	[●]
February 18, 2010	40,000	10	10	Cash	Allotment	0.04	[●]
March 23, 2010	30,000	10	10	Cash	Allotment	0.03	[●]
May 10, 2010	190,000	10	10	Cash	Allotment	0.22	[●]
May 14, 2010	145,000	10	-	Sweat Equity Shares	Allotment	0.17	[●]
October 12, 2011	100,000	10	10	Cash	Allotment	0.11	[●]
October 18, 2013	12,500	10	20	Cash	Transfer from Shridhar Kuchibottla	0.01	[●]
June 24, 2014	151,712	10	-	Sweat Equity Shares	Allotment	0.17	[●]
September 18, 2014	50,000	10	20	Cash	Transfer from Lokesh Tuteja and Poonam Batra	0.05	[●]

Date of allotment/ transfer	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue/ acquisition/transfer price per Equity Share (₹)	Nature of consideration	Nature of transaction	% of the pre-Offer Equity Share capital	% of the post-Offer share capital
February 13, 2015	25,000	10	20	Cash	Transfer from Meenakshi Rao	0.02	[●]
July 05, 2016	735,530	10	27.08	Cash	Allotment	0.87	[●]
December 30, 2017	(200,000)	10	110	Cash	Transfer to Creation Investment Fusion, LLC	(0.23)	[●]
December 30, 2017	1,099,295	10	110*	Cash	Allotment	1.30	[●]
December 29, 2018	6,000	10	124	Cash	Transfer from Rahul Jain	Negligible	[●]
July 16, 2018	647,659	10	110*	Cash	Allotment	0.76	[●]
December 05, 2018	1,352,454	10	154.04*	Cash	Allotment	1.60	[●]
December 20, 2019	843,264	10	290.48*	Cash	Allotment	1.00	[●]
September 29, 2022	(1,000)	10	Nil	Nil	Transfer to Devesh Sachdev Family Private Trust	(0.00)	[●]
Total (D)	5,552,414					6.58	

#Excluding further call money of ₹2.5 paid on January 15, 2010.

**These Equity Shares were fully paid up on July 30, 2021.*

b) Shareholding of our Promoters, directors of our Promoters and the members of our Promoter Group

Set forth below is the equity shareholding of our Promoters, directors of our Promoters (as applicable) and Promoter Group as on the date of this Red Herring Prospectus:

Name of shareholder	Pre-Offer		Post-Offer	
	No. of Equity Shares	Percentage of pre-Offer capital	No. of Equity Shares	Percentage of post-Offer capital
Promoters				
Honey Rose Investment Ltd	41,022,730	48.65	[●]	[●]
Creation Investments Fusion, LLC	15,321,043	18.17	[●]	[●]
Creation Investments Fusion II, LLC	99,54,529	11.80	[●]	[●]
Devesh Sachdev	5,552,414	6.58	[●]	[●]
Total (A)	**71,850,716**	**85.21**	[●]	[●]
Promoter Group				
Mini Sachdev	3,09,500	0.36	[●]	[●]
Devesh Sachdev Family Private Trust	1000	Negligible	[●]	[●]
Total (B)	**3,10,500**	**0.36**	[●]	[●]
Total (A+B)	**72,161,216**	**85.57**	[●]	[●]

c) Details of Promoters' Contribution locked in for three years or any other period as may be prescribed under applicable law

Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters shall be considered as minimum promoters' contribution and locked-in for a period of three years or any other period as may be prescribed under applicable law, from the date of Allotment ("**Promoter's Contribution**"). Our

Promoters' shareholding in excess of 20% shall be locked in for a period of one year or any other period as may be prescribed under applicable law, from the date of Allotment. As on the date of this Red Herring Prospectus, our Promoters hold 71,850,716 Equity Shares, constituting 85.21% of our Company's issued, subscribed and paid-up equity share capital, all of which are eligible for Promoters' Contribution. For details, see " – *Build-up of Promoters' shareholding*" on page 85.

Our Promoters have given consent to include such number of Equity Shares held by them, in aggregate, as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as Promoters' Contribution. Except as stated above in "*Notes to Capital Structure – Share Capital History - History of Equity Share capital of our Company*" on page 79, our Promoters have agreed not to dispose, sell, transfer, charge, pledge or otherwise encumber in any manner the Promoters' Contribution from the date of this Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except in accordance with the SEBI ICDR Regulations.

Details of Promoters' Contribution are as provided below:

Name of the Promoter	No. of Equity shares	No. of Equity Shares locked-in	Date of allotment/ transfer	Face value per Equity Share (₹)	Allotment/ Acquisition price per Equity Share (₹)	Date when the Equity Shares were fully paid up	Nature of transaction	% of the fully diluted post-Offer paid-up Capital	Date up to which the Equity Shares are subject to lockin
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Note: To be updated at the Prospectus stage.

The Equity Shares that are being locked-in for computation of Promoters' Contribution are not and will not be ineligible under Regulation 15 of the SEBI ICDR Regulations. In particular, these Equity Shares do not and shall not consist of:

(i) Equity Shares acquired during the three years preceding the date of this Red Herring Prospectus (a) for consideration other than cash and revaluation of assets or capitalisation of intangible assets, or (b) as a result of bonus shares issued by utilization of revaluation reserves or unrealised profits or from bonus issue against Equity Shares which are otherwise ineligible for computation of Promoters' Contribution;

(ii) Equity Shares acquired during the one year preceding the date of this Red Herring Prospectus, at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;

(iii) Our Company has not been formed by the conversion of a partnership firm or a limited liability partnership firm into a company and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Red Herring Prospectus pursuant to conversion from a partnership firm or a limited liability partnership; and

(iv) Equity Shares held by the Promoters that are subject to any pledge.

3. **Details of share capital locked-in for one year or any other period as may be prescribed under applicable law**

In terms of the SEBI ICDR Regulations, except for:

(i) the Promoters' Contribution which shall be locked in as above;

(ii) the Offered Shares sold or transferred by the Selling Shareholders pursuant to the Offer for Sale;

and

(iii) any Equity Shares held by eligible employees of our Company (whether currently employees or not) which may be allotted to them under the ESOP Schemes prior to the Offer,

the entire pre-Offer Equity Share capital of our Company (including those Equity Shares held by our Promoters in excess of Promoters' Contribution), shall be locked in for a period of one year or any other period as may be prescribed under applicable law, from the date of Allotment. Any unsubscribed portion of the Offered Shares by the Selling Shareholders in the Offer for Sale would also be locked-in as required under the SEBI ICDR Regulations.

In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters which are locked-in, may be transferred to Promoters or members of the Promoter Group or to any new Promoters, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance with provisions of the Takeover Regulations, as applicable and such transferee shall not be eligible to transfer them till the lock-in period stipulated in SEBI ICDR Regulations has expired. The Equity Shares held by persons other than our Promoters and locked-in for a period of one year or any other period as may be prescribed under applicable law, from the date of Allotment in the Offer, may be transferred to any other person holding Equity Shares which are locked -in, subject to the continuation of the lock-in the hands of the transferee for the remaining period and compliance with the provisions of the Takeover Regulations. However, it should be noted that the Offered Shares which will be transferred by the Selling Shareholders pursuant to the Offer for Sale shall not be subject to lock-in.

In terms of Regulation 21 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters which are locked-in as per Regulation 16 of the SEBI ICDR Regulations, may be pledged only with scheduled commercial banks or public financial institutions or systemically important non-banking finance companies or deposit taking housing finance companies as collateral security for loans granted by such entity, provided that: (i) in case of Equity Shares locked-in for three years or any other period as may be prescribed under applicable law, such Equity Shares may be pledged only if the loan has been granted to our Company, for the purpose of financing one or more of the objects of the Offer, and pledge of the Equity Shares is a term of sanction of such loans; and (ii) in case of Equity Shares locked-in for a period of one year or any other period as may be prescribed under applicable law, the pledge of the Equity Shares is one of the terms of the sanctioned loan. Provided that the lock-in of Equity Shares shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated in these regulations has expired.

Lock-in of Equity Shares Allotted to Anchor Investors

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

4. ***Sales or purchases of Equity Shares or other specified securities of our Company by our Promoter, the members of our Promoter Group and/or directors of our Corporate Promoters and/or our Directors and their relatives during the six months immediately preceding the date of this Red Herring Prospectus.***

Except as disclosed below, none of Devesh, Creation I, Creation II and Honey Rose, members of their respective Promoter Groups, and/or directors of Creation I, Creation II, Honey Rose and/or our Directors and their relatives have sold or purchased any Equity Shares or other specified securities of our Company during the six months immediately preceding the date of this Red Herring Prospectus:

Date of transaction	Name of transferor	Name of transferee	Category of transaction	Total number of Equity Shares transferred	Percentage of paid-up share capital of our Company	Transaction price per Equity share (₹)
September	Devesh	Devesh	Transfer	1,000	0.00	Nil

29, 2022	Sachdev	Sachdev Family Private Trust	from Promoter to Promoter Group			

[***The rest of the page has been intentionally left blank***]

5. ***Shareholding Pattern of our Company***

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

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid up Equity Shares held (IV)	Number of Partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of 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 voting rights — Class eg: Equity Shares	Number of Voting Rights held in each class of securities (IX) — Number of voting rights — Class eg: Others	Number of Voting Rights held in each class of securities (IX) — Number of voting rights — Total	Number of Voting Rights held in each class of securities (IX) — Total as a % of (A+B+ C)	Number of Equity shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in Equity Shares (XII) — Number (a)	Number of Locked in Equity Shares (XII) — As a % of total Shares held (b)	Number of Equity Shares pledged or otherwise encumbered (XIII) — Number (a)	Number of Equity Shares pledged or otherwise encumbered (XIII) — As a % of total Shares held (b)	Number of Equity Shares held in dematerialized form (XIV)
(A)	Promoters and Promoter Group	6	72,161,216	-	-	72,161,216	85.57	72,161,216	-	72,161,216	85.57	-	85.57	-	-	-	-	72,161,216
(B)	Public	78	11,454,800	-	-	11,454,800	13.58	11,454,800	-	11,454,800	13.58	-	13.58	-	-	-	-	11,454,800
(C)	Non Promoter-Non Public	1	710,372	-	-	710,372	0.84	710,372	-	710,372	0.84	-	0.84	-	-	-	-	710,372
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	1	710,372	-	-	710,372	0.84	710,372	-	710,372	0.84	-	0.84	-	-	-	-	710,372
	Total	85	84,326,388	-	-	84,326,388	100	84,326,388	-	84,326,388	100	-	100	-	-	-	-	84,326,388

6. As on the date of this Red Herring Prospectus, our Company has 85 shareholders of Equity Shares.

7. **Equity Shares held by the Shareholders holding 1% or more of the paid-up capital of our Company**

The Shareholders holding 1% or more of the equity paid-up capital of our Company as on the date of this Red Herring Prospectus is as follows:

Sr. No.	Shareholder	Number of Equity Shares held	Percentage of pre-Offer share capital
1.	Honey Rose	41,022,730	48.65%
2.	Creation I	15,321,043	18.17%
3.	Creation II	9,954,529	11.80%
4.	Oikocredit Ecumenical Development Cooperative Society U.A.	6,606,375	7.83%
5.	Devesh Sachdev	5,552,414	6.58%
6.	Global Impact Funds, S.C.A., SICAR	3,539,091	4.20%
	Total	**81,996,182**	**97.24%**

The Shareholders holding 1% or more of the equity paid-up capital of our Company ten days prior to the filing of this Red Herring Prospectus is as follows:

Sr. No.	Shareholder	Number of Equity Shares held	Percentage of pre-Offer share capital
1.	Honey Rose	41,022,730	48.65%
2.	Creation I	15,321,043	18.17%
3.	Creation II	9,954,529	11.80%
4.	Oikocredit Ecumenical Development Cooperative Society U.A.	6,606,375	7.83%
5.	Devesh Sachdev	5,552,414	6.58%
6.	Global Impact Funds, S.C.A., SICAR	3,539,091	4.20%
7.	Fusion Employees Benefit Trust	1,512,857	1.79%
	Total	**83,509,039**	**99.03**

The Shareholders holding 1% or more of the equity paid-up capital of our Company as on one year prior to the date of this Red Herring Prospectus is as follows:

Sr. No.	Shareholder	Number of Equity Shares held	Percentage of pre-Offer share capital
1.	Honey Rose	41,022,730	48.65%
2.	Creation I	15,321,043	18.17%
3.	Creation II	9,954,529	11.80%
4.	Oikocredit Ecumenical Development Cooperative Society U.A.	6,606,375	7.83%
5.	Devesh Sachdev	5,553,414	6.59%
6.	Global Impact Funds, S.C.A., SICAR	3,539,091	4.20%
7.	Fusion Employees Benefit Trust	1,594,354	1.89%
	Total	**83,591,536**	**99.13%**

The Shareholders holding 1% or more of the equity paid-up capital of our Company as on two years prior to filing of this Red Herring Prospectus is as follows:

Sr. No.	Shareholder	Number of Equity Shares held	Percentage of pre-Offer share capital
1.	Honey Rose	41,022,730	48.65%
2.	Creation I	15,321,043	18.17%
3.	Oikocredit Ecumenical Development Cooperative Society U.A.	6,606,375	7.83%

Sr. No.	Shareholder	Number of Equity Shares held	Percentage of pre-Offer share capital
4.	Creation II	9,954,529	11.80%
5.	Devesh Sachdev	5,553,414	6.59%
6.	Global Impact Funds, S.C.A., SICAR	3,539,091	4.20%
7.	Fusion Employees Benefit Trust	1,827,536	2.17%
	Total	**83,824,718**	**99.41**%

8. For details of shareholding of our Directors and Key Managerial Personnel, please see "*Our Management – Shareholding of our Directors in our Company*" and "*Our Management - Shareholding of Key Managerial Personnel in our Company*" on pages 222 and 236, respectively.

9. None of the Equity Shares being offered for sale through the Offer for Sale are pledged or otherwise encumbered, as on the date of this Red Herring Prospectus.

10. Our Company, our Directors and the BRLMs have not made or entered into any buy-back arrangements for the purchase of Equity Shares.

11. Neither the BRLMs and nor their respective associates as defined in the SEBI Merchant Bankers Regulations, hold any Equity Shares as on the date of filing of this Red Herring Prospectus.

12. No person connected with the Offer, including, but not limited to the BRLMs, the Syndicate Members, our Company, Devesh, Creation I, Creation II and Honey Rose, members of their respective Promoter Groups, our Directors, shall offer in any manner whatsoever any incentive, whether direct or indirect, in cash or kind or services or otherwise to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Offer.

13. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Red Herring Prospectus. The Equity Shares to be issued or transferred pursuant to the Offer shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.

14. All the shares held by our Promoters and Directors are in dematerialised as on the date of the Red Herring Prospectus.

15. Except for outstanding options granted pursuant to ESOP 2014 and ESOP 2016, our Company has no outstanding warrants, options to be issued or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Red Herring Prospectus**.**

16. Except for the Equity Shares to be allotted pursuant to (i) the Fresh Issue; (ii) Offer for Sale; and (iii) exercise of outstanding options granted pursuant to ESOP 2014 and ESOP 2016, our Company presently does not intend or propose or is under negotiation or consideration to alter its capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable for, directly or indirectly into Equity Shares), whether on a preferential basis or issue of bonus or rights or further public issue of Equity Shares.

17. Except for the allotment of Equity Shares pursuant to the to (i) the Fresh Issue; (ii) Offer for Sale; and (iii) exercise of outstanding options granted pursuant to ESOP 2014 and ESOP 2016. there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges 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.

18. There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company during a period of six months immediately preceding the date of the filing of the Draft Red Herring Prospectus

and this Red Herring Prospectus.

19. Devesh, Creation I, Creation II and Honey Rose and members of their respective Promoter Group will not submit Bids, or otherwise participate in this Offer, except in relation to their participation as Selling Shareholders in the Offer for Sale, as applicable.

20. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

21. Our Company shall ensure that transactions in the Equity Shares by Devesh, Creation I, Creation II and Honey Rose and their respective Promoter Groups, if any, during the period between the date of filing of the Red Herring Prospectus and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transactions.

22. **ESOP 2014**

Our Company, pursuant to the resolutions passed by our Board on June 24, 2014 and our Shareholders on June 30, 2014, adopted ESOP 2014, and subsequently amended ESOP 2014 by resolutions passed by our Board on July 25, 2021 and our Shareholders on July 27, 2021. The terms of ESOP 2014 are administered through Fusion Employees Benefit Trust.

The ESOP 2014 is in compliance with the SEBI SBEB Regulations read with the circular bearing reference number CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 issued by SEBI.

The details of the ESOP 2014, as certified by K. K. Mankeshwar & Co., Chartered Accountants, by way of their certificate dated October 25, 2022, are as follows:

Particulars	**Total**
Options granted	481,105
Options vested	246,106
Options exercised	246,106
Vesting period	4 years
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of cancelled options and exercised options)	Nil
Options forfeited/lapsed/cancelled	234,999
Variation in terms of options	-
Money realised by exercise of options	6,404,290.80
Total number of options in force	Nil

Particulars	**Fiscal 2020**	**Fiscal 2021**	**Fiscal 2022**	**For the period April 1, 2022 to the date of this Red Herring Prospectus**
Options granted	-	-	-	-
Options vested	43,500	-	-	-
Options exercised	26,000	30,750	19,000	50,750
Exercise price of options granted (₹)	-	-	-	-
Exercise price of options exercised (₹)	27.08	27.08	27.08	27.08
Vesting period	4 years			
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of cancelled options and exercised options)	100,500	69,750	50,750	-
Options forfeited/lapsed/cancelled	10,750	-	-	-
Variation in terms of options	-			
Money realised by exercise of options	704,080	832,710	514,520	1,374,310
Total number of options in force	100,500	69,750	50,750	-

Particulars	Fiscal 2020	Fiscal 2021	Fiscal 2022	For the period April 1, 2022 to the date of this Red Herring Prospectus
Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option				
Method of option valuation	NA			
Expected Volatility (%)	NA	NA	NA	NA
Dividend Yield (%)	NA	NA	NA	NA
Expected life (Years)	NA	NA	NA	NA
Risk free interest rate (%)	NA	NA	NA	NA
Weighted average exercise prices and weighted average fair value of options whose exercise price where:	NA	NA	NA	NA
a) Exercise price equals market price on the date of grant - Fair Value of options granted (₹) - Exercise Price (₹)	NA	NA	NA	NA
b) Exercise price is greater than market price on the date of grant - Fair Value of options granted (₹) - Exercise Price (₹)	NA	NA	NA	NA
c) Exercise price is less than market price on the date of grant - Fair Value of options granted (₹) - Exercise Price (₹)	NA	NA	NA	NA

Employee wise details of options granted to Key Management Personnel				
Name and Designation	No. of Options Granted	No. of Options lapsed / cancelled	No. of Options Exercised	No. of options outstanding
Deepak Madaan	41,000	-	41,000	-

List of Employees who received a grant in any one year of options amounting to 5% or more of the options granted during the year				
Name	No. of Options Granted	No. of Options lapsed / cancelled	No. of Options Exercised	No. of options outstanding
Fiscal Year ending March 2014				
Ankur Singhal	106,307	106,307	-	-
Praveen Choudhary	117,942	117,942	-	-
Rahul Jain	39,856	-	39,856	-
Fiscal Year ending March 2016				
Deepak Madaan	41,000	-	41,000	-
Md. Hossain	38,000	-	38,000	-
Gourav Sirohi	43,000	10,750	32,250	-
Ramesh Chaubey	39,000	-	39,000	-
Himanshu Dutt	28,000	-	28,000	-
Sandeep Kumar Sharma	28,000	-	28,000	-

Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant					
Name	**Grant Period**	**No. of Options Granted**	**No. of Options lapsed / cancelled**	**No. of Options Exercised**	**No. of options outstanding**
Praveen Choudhary	2014 – 2015	117,942	117,942	-	-

Particular	Fiscal 2020	Fiscal 2021	Fiscal 2022	For the period April 1, 2022 to the date of this Red Herring Prospectus
Fully diluted EPS on a pre-Offer basis on exercise of options calculated in accordance with Ind AS 33 'Earning Per Share' (₹)	10.32	5.49	2.64	NA
Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognized if our Company had used fair value of options and impact of this difference on profits and EPS of our Company	NA	NA	NA	NA
Increase in loss for the year (₹ million)	NA	NA	NA	NA
Revised EPS (₹)	10.32	5.49	2.64	NA
Impact on profits and EPS of the last three years if our Company had followed the accounting policies specified in Regulation 15 of the SEBI SBEB Regulations in respect of options granted in the last three years	NA	NA	NA	NA
Increase in loss for the year (₹ million)	NA	NA	NA	NA
Revised EPS (₹)	10.32	5.49	2.64	NA
Intention of the existing Key Managerial Personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer*	The existing Key Managerial Personnel holding Equity Shares allotted on exercise of options may sell their shares within three months after the listing of Equity Shares pursuant to the Offer. Further, no options were granted to any director of the Company.			
Intention to sell Equity Shares arising out of ESOP 2014 within three months after the listing of Equity Shares, by Directors, senior management personnel and employees having Equity Shares arising out of the ESOP 2014, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) of our Company	NA			

ESOP 2016

Our Company, pursuant to the resolutions passed by circulation by our Board on December 14, 2016, which was noted by our Board on February 16, 2017, and our Shareholders on January 16, 2017, adopted ESOP 2016, and subsequently amended ESOP 2016 by resolutions passed by our Board on July 25, 2021 and our Shareholders on July 27, 2021. The terms of ESOP 2016 are administered through Fusion Employees Benefit Trust.

The ESOP 2016 is in compliance with the SEBI SBEB Regulations read with the circular bearing reference number CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 issued by SEBI.

The details of the ESOP 2016, as certified by K. K. Mankeshwar & Co., Chartered Accountants, by way of their certificate dated October 25, 2022, are as follows:

Particulars	Total
Options granted	3,377,380
Options vested	1,590,102.5
Options exercised	1,078,728
Vesting period	4 years
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of cancelled options and exercised options)	2,017,648
Options forfeited/lapsed/cancelled	281,004
Variation in terms of options	-
Money realised by exercise of options	114,005,181.41
Total number of options in force	2,017,648

Particulars	Fiscal 2020	Fiscal 2021	Fiscal 2022	For the period April 1, 2021 to the date of this Red Herring Prospectus
Options granted	590,970	584,500	518,500	576,250
Options vested	255,505	398,550	432,193	252,920
Options exercised	49,670	56,160	155,641	804,863
Exercise price of options granted (₹)	154.04, 290.48	290.48	327.52	339.48
Exercise price of options exercised (₹)	37.99, 64.08, 110	37.99, 64.08, 110, 154.04	37.99, 64.08, 110, 154.04, 290.48	37.99, 64.08, 110, 154.04, 290.48
Vesting period	4 years			
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of cancelled options and exercised options)	1,520,498	2,000,808	2,298,357	2,017,648
Options forfeited/lapsed/cancelled	82,195	48,030	65,310	52,096
Variation in terms of options	-			
Money realised by exercise of options	2,652,280	3,990,392	15,077,884.47	91,647,791.95
Total number of options in force	1,520,498	2,000,808	2,298,357	2,017,648
Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option				
Method of option valuation	The Black -Scholes Model			
Expected Volatility (%)	45.00%	49.60%;52.7%	54.5%	54.2%
Dividend Yield (%)	0.00	0.00%	0.00%	0.00%
Expected life (Years)	5-8 years	5-8 years	5-8 years	5-8 years
Risk free interest rate (%)	6.31%-6.70%; 6.25%-6.71%; 6.08%-6.44%	5.52%-6.12%; 5.31%-5.99%; 5.63%-6.27%	5.98%; 6.29%; 6.54%; 6.72%	7.34%; 7.38%; 7.39%
Weighted average exercise prices and weighted average fair value of options whose exercise price where:				
d) Exercise price equals market price on the date of grant - Fair Value of options granted (₹) - Exercise Price (₹)	-	-	-	-

Particulars	Fiscal 2020	Fiscal 2021	Fiscal 2022	For the period April 1, 2021 to the date of this Red Herring Prospectus
e) Exercise price is greater than market price on the date of grant - Fair Value of options granted (₹) - Exercise Price (₹)	50.89; 135.94; 98.12 154.04; 154.04; 290.48	83.61; 94.19; 95.12 290.48; 290.48; 290.48	136.21 327.52	126.62 339.48
f) Exercise price is less than market price on the date of grant - Fair Value of options granted (₹) - Exercise Price (₹)	-	-	-	-

Employee wise details of options granted to Key Management Personnel				
Name and Designation	**No. of Options Granted**	**No. of Options lapsed / cancelled**	**No. of Options Exercised**	**No. of options outstanding**
Mr. Deepak Madaan	1,92,510	-	93,760	98,750
Mr. Gaurav Maheshwari	310,270	-	181,520	128,750
Mr. Ankush Ahluwalia	152,470	-	119,220	33,250
Mr. Satish Mani	76,570	-	74,570	2,000
Mr. Tarun Mehndiratta	220,000	-	190,000	30,000
Mr. Kamal Kaushik	210,000	-	50,000	160,000
Mr. Naveen Kumar Mangle	50,000	-	12,500	37,500
Mr. Sanjay Vishwanath Choudhary	49,000	-	6,250	42,750

List of Employees who received a grant in any one year of options amounting to 5% or more of the options granted during the year				
Name	**No. of Options Granted**	**No. of Options lapsed / cancelled**	**No. of Options Exercised**	**No. of options outstanding**
Fiscal Year ending March 2017				
Ankush Ahluwalia	72,970	-	72,970	-
Gaurav Maheshwari	70,270	-	70,270	-
Satish Mani	67,570	-	67,570	-
Praveen Kumar	36,530	-	18,265	18,265
Fiscal Year ending March 2018				
Tarun Mehndiratta	1,00,000	-	1,00,000	-
Rohit Dhiman	29,100	-	2,000	27,100
Himanshu Jain	28,800	-	-	-
Fiscal Year ending March 2019				
Ankush Ahluwalia	25,000	-	25,000	-
Gaurav Maheshwari	40,000	-	40,000	-
Tarun Mehndiratta	50,000	-	50,000	-
Lekshmi Bhargavi	30,000	30,000	-	-
Fiscal Year ending March 2020				
Tarun Mehndiratta	50,000	-	37,500	12,500
Deepak Madaan	75,000	-	56,250	18,750
Gaurav Maheshwari	75,000	-	56,250	18,750
Kamal Kaushik	50,000	-	37,500	12,500
Fiscal Year ending March 2021				

List of Employees who received a grant in any one year of options amounting to 5% or more of the options granted during the year				
Name	**No. of Options Granted**	**No. of Options lapsed / cancelled**	**No. of Options Exercised**	**No. of options outstanding**
Gaurav Maheshwari	30,000	-	15,000	15,000
Kamal Kaushik	50,000	-	12,500	37,500
Fiscal Year ending March 2022				
Kamal Kaushik	1,00,000	-	-	1,00,000
After Fiscal Year ending March 2022 till date				
Gaurav Maheshwari	75,000	-	-	75,000
Md Modaswer Hossain	68,000	-	-	68,000
Deepak Madaan	60,000	-	-	60,000

Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant					
Name	**Grant Period**	**No. of Options Granted**	**No. of Options lapsed / cancelled**	**No. of Options Exercised**	**No. of options outstanding**
-	-	-	-	-	-

Particular	Fiscal 2020	Fiscal 2021	Fiscal 2022	For the period April 1, 2022 to the date of this Red Herring Prospectus
Fully diluted EPS on a pre-Offer basis on exercise of options calculated in accordance with Ind AS 33 'Earning Per Share' (₹)	10.32	5.49	2.64	NA
Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognized if our Company had used fair value of options and impact of this difference on profits and EPS of our Company	NA	NA	NA	NA
Increase in loss for the year (₹ million)	NA	NA	NA	NA
Revised EPS (₹)	10.32	5.49	2.64	NA
Impact on profits and EPS of the last three years if our Company had followed the accounting policies specified in Regulation 15 of the SEBI SBEB Regulations in respect of options granted in the last three years	NA	NA	NA	NA
Increase in loss for the year (₹ million)	NA	NA	NA	NA
Revised EPS (₹)	10.32	5.49	2.64	NA

Intention of the existing Key Managerial Personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer*	The existing Key Managerial Personnel holding Equity Shares allotted on exercise of options may sell their shares within three months after the listing of Equity Shares pursuant to the Offer. Further, no options were granted to any director of the Company.
Intention to sell Equity Shares arising out of ESOP 2016 within three months after the listing of Equity Shares, by Directors, senior management personnel and employees having	NA

Particular	Fiscal 2020	Fiscal 2021	Fiscal 2022	For the period April 1, 2022 to the date of this Red Herring Prospectus
Equity Shares arising out of the ESOP 2016, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) of our Company				

OBJECTS OF THE OFFER

Appraisal of the Objects and Bridge Financing

The objects of the Fresh Issue have not been appraised by any bank, financial institution or agency and we have not raised any bridge loans against the Net Proceeds.

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

Offer for Sale

The Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale after deducting their proportion of Offer expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds. Set forth below are details of the size of each Selling Shareholder's portion of the Offer for Sale.

Selling Shareholder	Number of Equity Shares being sold in the Offer	Date of resolution passed by the Selling Shareholders	Date of consent from Selling Shareholders
Devesh Sachdev	Up to 650,000	-	July 31, 2021; and October 14, 2022
Mini Sachdev	Up to 100,000	-	July 31, 2021; and October 14, 2022
Honey Rose Investment Ltd	Up to 1,400,000	July 28, 2021	July 28, 2021; and October 14, 2022
Creation Investments Fusion, LLC	Up to 1,400,000	July 28, 2021	July 28, 2021; and October 14, 2022
Oikocredit Ecumenical Development Cooperative Society U.A.	Up to 6,606,375	June 14, 2021	July 30, 2021
Global Impact Funds, S.C.A., SICAR	Up to 3,539,091	July 15, 2021	July 28, 2021; and October 14, 2022

Objects of the Fresh Issue

Our Company proposes to utilize the Net Proceeds towards augmenting its capital base.

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

The main objects clause and objects incidental and ancillary to the main objects clause as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities for which funds are proposed to be raised by our Company through the Fresh Issue.

Net Proceeds

The following table sets forth details of the Net Proceeds:

Particulars	Estimated Amount (in ₹ million)(1)
Gross proceeds from the Fresh Issue	6,000
Less Offer related expenses to be borne by our Company (2)	[●]
Net proceeds from the Fresh Issue after deducting the Offer related expenses to be borne by our Company ("**Net Proceeds**")	[●]

(1) To be determined after finalisation of the Offer Price and updated in the Prospectus prior to filing with the RoC.
(2) See "Offer related expenses" below.

Proposed schedule of implementation and utilization of Net Proceeds

The Net Proceeds are currently expected to be deployed in Financial Year 2023.

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan, management estimates, and other commercial and technical factors. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market condition, business and strategy, competition and interest or exchange rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilization of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable laws.

Details of the Objects

1. Augment the capital base of our Company

As an NBFC, we are subject to regulations relating to the capital adequacy, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio and of the risk adjusted value of off-balance sheet items, as applicable. As per the capital adequacy norms issued by the RBI, we are required to have a regulatory minimum CRAR of 15%. Our CRAR as of March 31, 2022 and June 30, 2022 was 21.94 % and 21.13%, respectively, of which Tier 1 was 19.93% and 19.45%, respectively. Our Company proposes to utilise the Net Proceeds towards augmenting its capital base to meet future capital requirements. 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. In the coming quarters, our Company plans to significantly grow its loan advances which would require Tier 1 capital to comply with the applicable capital adequacy regulations. With the primary capital raise planned through the Offer, the management of our Company believes that it would have adequate capital without any further need of fresh capital in the short to medium term. For further details, see "*Key Regulations and Policies*", on page 201.

Means of Finance

Our Company proposes to utilise the Net Proceeds from the Fresh Issue towards augmenting its capital base to meet future capital requirements. Accordingly, we confirm that there is no need 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 through the Offer.

Offer related expenses

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

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

Other than (a) listing fees, audit fees (not in relation to the Offer), and expenses for any product or corporate advertisements consistent with past practice of the Company (other than the expenses relating to the IPO) which will be borne by the Company; and (b) fees and expenses in relation to the legal counsel to the Selling Shareholders which shall be borne by the respective Selling Shareholders, all costs, charges, fees and expenses associated with and incurred with respect to the Offer, in proportion to its respective portion of the Equity Shares issued pursuant to the Fresh Issue and the Offered Shares, shall be shared among the Company and the Selling Shareholders on a pro rata basis, in proportion to its respective portion of the Equity Shares sold in the Offer in accordance with Section 28(3) of the Companies Act.

The estimated Offer related expenses are as follows:

(₹ *in million)*

S. No	Activity	Estimated amount(1) (₹ in million)	As a % of total estimated Offer Expenses(1)	As a % of Offer Size(1)
1.	BRLMs fees and commissions (including underwriting commission)	[●]	[●]	[●]
2.	Brokerage, selling commission, bidding charges, processing fees and bidding charges for the Members of the Syndicate, Registered Brokers, SCSBs, RTAs and CDPs (2)(3)(4)(5)(6)	[●]	[●]	[●]
3.	Advertising and marketing expenses for the Offer	[●]	[●]	[●]
4.	Other expenses (i) Listing fees, SEBI filing fees, BSE & NSE processing fees, book building software fees, (ii) Other regulatory expenses, (iii) Printing and stationery expenses (iv) Fees payable to the legal counsel (v) Fees payable to other advisors to the Offer (vi) Miscellaneous	[●] [●] [●]	[●] [●] [●]	[●] [●] [●]
	Total Estimated Offer Expenses	[●]	[●]	[●]

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

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

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

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price. Selling commission payable to the SCSBs will be determined on the basis of the bidding terminal ID as captured in the Bid Book of BSE or NSE. No processing fees shall be payable by to the SCSBs on the applications directly procured by them.*

(3) Processing fees payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders (excluding UPI Bids) which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:

*Portion for Retail Individual Bidders and Non-Institutional Bidders **	*₹ 10/- per valid Bid cum Application Form (plus applicable taxes)*

** Processing fees payable to the SCSBs for capturing Syndicate Member/Sub-syndicate(Broker)/Sub-broker code on the ASBA Form for Non-Institutional Bidders and Qualified Institutional Bidders with bids above INR 5,00,000 would be Rs. 10 plus applicable taxes, per valid application*

(4) Selling commission on the portion for Retail Individual Bidders (up to ₹ 200,000) and Non-Institutional Bidders which are procured by Members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs or for using 3-in-1 type accounts- linked online trading, demat & bank account provided by some of the Registered Brokers which are Members of the Syndicate (including their Sub-Syndicate Members) would be as follows:

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

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

The selling commission payable to the Syndicate / sub-Syndicate Members will be determined:

(i) *For Retail Individual Bidders and Non-Institutional Bidders (up to ₹ 500,000), 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.*

(ii) *For Non-Institutional Bidders (above ₹ 500,000), Syndicate ASBA Form bearing SM Code & Sub-Syndicate Code of the application form submitted to SCSBs for Blocking of the Fund and uploading on the Exchanges platform by SCSBs. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the Syndicate / Sub Syndicate members and not the SCSB.*

Uploading Charges:

(i) *Bid uploading charges payable to Members of the Syndicate (including their sub-Syndicate Members) on the applications made using 3-in-1 accounts would be ₹ 10/- plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate embers).*

(ii) *Bid uploading charges payable to SCSBs on the QIB Portion and Non-Institutional Bidders (excluding UPI Bids) which are procured by the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSBs for blocking and uploading would be ₹ 10/- per valid application (plus applicable taxes).*

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

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

Portion for Retail Individual Bidders and, Non-Institutional Bidder	*₹ 10/- per valid Bid cum Application Form (plus applicable taxes)*

(6) Uploading charges/ processing fees for applications made by UPI Bidders using the UPI Mechanism would be as under:

Members of the Syndicate / RTAs / CDPs (uploading charges)	*₹ 30/- per valid application (plus applicable taxes)*
Axis Bank Limited	*NIL- per valid Bid cum Application Form (plus applicable taxes)* *Bank will also be entitled to a one time escrow management fee of ₹ NIL/-.* *The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.*
HDFC Bank Limited	*₹ NIL/- per valid Bid cum Application Form (plus applicable taxes)* *Bank will also be entitled to a one time escrow management fee of ₹ NIL/-.* *The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.*

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 using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/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.

Monitoring of Utilisation of Funds

Our Company has appointed Care Ratings Limited as the monitoring agency in accordance with Regulation 41 of the SEBI ICDR Regulations. Our Audit Committee and the Monitoring Agency will monitor the utilisation of the Net Proceeds and the Monitoring Agency shall submit the report required under Regulation 41(2) of the SEBI ICDR Regulations, on a quarterly basis, until such time as the Net Proceeds have been utilised in full. Additionally, our Company shall provide the item by item description for all the expense heads against each object of the Offer. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in our balance sheet for such Financial Years as required under applicable law, specifying the purposes for which the Net Proceeds have been utilised and shall include the employment of Net Proceeds under the relevant expense heads, in its quarterly notes to accounts of its financial statements. Our Company will also, in its balance sheet for the applicable Financial Years, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds. Our Audit Committee shall monitor the Net Proceeds till utilisation of the Net Proceeds and in this regard our Company shall provide details/information/certifications obtained from the statutory auditor of the Company on utilisation of the Net Proceeds to the Monitoring Agency.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the

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

Interim use of Net Proceeds

Pending utilization of the Net Proceeds for the purposes described above, our Company may temporarily invest the Net Proceeds only as deposits in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as amended, as may be approved by our Board or the 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 shares of any other listed company or for any investment in the equity markets.

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to Devesh Sachdev, Creation Investments Fusion, LLC, Creation Investments Fusion II, LLC, Honey Rose Investment Ltd, members of their respective Promoter Group, our Directors or our Key Managerial Personnel.

Our Company has not entered into and is not planning to enter into any arrangement/ agreements with Devesh Sachdev, Creation Investments Fusion, LLC, Creation Investments Fusion II, LLC, Honey Rose Investment Ltd, our Directors, or Key Managerial Personnel in relation to the utilisation of the Net Proceeds. Further, there are no existing or anticipated interest of such individuals and entities in the objects of the Offer except as set out above.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act, 2013 and the applicable rules, and the SEBI ICDR Regulations, our Company shall not vary the objects of the Fresh Issue without our Company being authorised to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Notice**") shall specify the prescribed details as required under the Companies Act. The Notice shall simultaneously be published in the newspapers, one in English and one in Hindi, the vernacular language of the jurisdiction where our Registered Office is situated. Our Promoters will be required to provide an exit opportunity to such Shareholders who do not agree to the above stated proposal, at a price as prescribed by SEBI, in this regard, in accordance with applicable law.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company through the IPO Committee, in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered in the Offer through the Book Building Process and on the basis of the qualitative and quantitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should also refer to the sections "*Risk Factors*", "*Our Business*", "*Financial Statements*" and "*Management Discussion and Analysis"* on pages 27, 171, 248 and 331 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:

- our well diversified and extensive pan-India presence;
- our proven execution capabilities with strong rural focus;
- access to diversified sources of capital and effective asset liability management;
- robust underwriting process and risk management policies;
- technologically advanced operating model; and
- stable and experienced management team supported by marquee investors.

For further details, please see "*Our Business – Competitive Strength*" on page 174.

Quantitative factors

Some of the information presented in this section relating to our Company is derived from the Restated Financial Statements. For details, see "*Financial Statements*" on page 248.

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

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

Financial Period	Basic EPS (1)(₹)	Diluted EPS(2) (in ₹)	Weightage
Financial Year ended March 31, 2022	2.67	2.64	3
Financial Year ended March 31, 2021	5.56	5.49	2
Financial Year ended March 31, 2020	10.47	10.32	1
Weighted Average	**4.93**	**4.87**	
For the three months period ended June 30, 2022*	9.07	8.98	-
For the three months period ended June 30, 2021*	0.56	0.55	-

(1) Basic EPS (₹) = Basic earning per share are calculated by dividing the net restated profit or loss for the period/year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the period/year.
(2) Diluted EPS (₹) = Diluted earning per share are calculated by dividing the net restated profit or loss for the period/year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the period/year as adjusted for the effects of all dilutive potential Equity Shares outstanding during the period/year.
** Not annualised*

Notes:

1. *Basic EPS and Diluted EPS calculations are in accordance with Indian Accounting Standard 33 'Earning per Share'.*
2. *Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the period adjusted by the number of Equity Shares issued during the period 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 period.*
3. *Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x Weight) for each year] / [Total of weights]*

2. Price to Earning ("P/E") Ratio in relation to the Offer Price of our Company

Particulars	P/E ratio at the lower end of the Price Band (number of times)*	P/E ratio at the higher end of the Price Band (number of times)*
Based on Basic EPS for the financial year ended March 31, 2022	[●]	[●]
Based on Diluted EPS for the financial year ended March 31, 2022	[●]	[●]

**will be populated in the Prospectus.*

Industry Peer Group P/E ratio

Based on the peer group information (excluding Company) given below in this section, the highest P/E ratio is 342.44, the lowest P/E ratio is 20.21 and the average P/E ratio is 114.50.

Particulars	P/E Ratio	Name of the company	Face value of equity shares (in ₹)
Highest	342.44	Ujjivan Small Finance Bank Limited	10
Lowest	20.21	Credit Access Grameen	10
Industry Composite	114.50		10

Notes:

1. *The highest and lowest industry P/E shown above is based on the peer set provided below under "Comparison of Accounting ratios with listed industry peers". The industry average has been calculated as the arithmetic average P/E of the peer set provided below.*
2. *P/E figures for the peer are computed based on closing market price as on October 12, 2022, on NSE, divided by Basic EPS (on consolidated basis) for the Financial Year ending March 31, 2022.*

3. Price/Book ("P/B") ratio

Industry Peer P/B ratio

Based on the peer group information (excluding Company) given below in this section, the highest P/B ratio is 3.88, the lowest P/B ratio is 0.68 and the average P/B ratio is 1.88.

Particulars	Industry Peer P/B	Name of the company	Face value of equity shares (in ₹)
Highest	3.88	Credit Access Grameen Limited	10.00
Lowest	0.68	Suryoday Small Finance Bank Limited	10.00
Average	1.88		

Notes: The industry high and low have been considered from the industry peer set provided later in this section. The industry composite has been calculated as the arithmetic average P/B of the industry peer provided in Table 6 below.

4. Average return on Net Worth (RoNW)

Particulars	RoNW (%)	Weightage
Financial Year ended March 31, 2022	1.63%	3
Financial Year ended March 31, 2021	3.53%	2
Financial Year ended March 31, 2020	5.81%	1
Weighted Average	**2.96%**	
For the three months period ended June 30, 2022*	5.30%	-
For the three months period ended June 30, 2021*	0.35%	-

Return on Net Worth (%) = Profit for the period/year divided by Total Equity at the end of the period/year derived from Restated financial statements.

(1) *Total Equity has been computed as the aggregate of equity and other equity derived from Restated financial statements.*

(2) *Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. [(RoNW x Weight) for each year] / [Total of weights].*
(3) *For a detailed calculation of our Return on Net Worth, see "Other Financial Information – Non-GAAP Reconciliation" on page 325.*
** Not annualised*

Reconciliation of RoNW

Particulars	Restated Net Worth (₹ in million)	Restated Profit after tax** (₹ in million)	RoNW (%)
Financial Year ended March 31, 2022	13,379.51	217.55	1.63%
Financial Year ended March 31, 2021	12,463.55	439.44	3.53%
Financial Year ended March 31, 2020	11,988.89	696.10	5.81%
For the three months period ended June 30, 2022*	14,164.65	751.02	5.30%
For the three months period ended June 30, 2021*	12,516.51	44.11	0.35%

Note: RoNW is computed as net profit after tax divided by closing net worth.
** Not annualised*
***Restated Profit after tax denotes Profit for the period/year as derived from Restated Financial Statements.*

5. *Net Asset Value ("NAV") per Equity Share (Face value of ₹ 10).*

Fiscal/period ended	NAV (₹)
As at June 30, 2022#	171.10
As at March 31, 2022#	161.67
After the completion of the Offer*	At the Floor Price: [●] At the Cap Price: [●]
Offer Price*	[●]

**will be populated in the Prospectus.*

Notes:
(1) *Offer Price per Equity Share will be determined on conclusion of the Book Building Process.*
(2) *Net Asset Value per Equity Share = Total Equity derived from the Restated Financial Statements / number of equity shares outstanding as at the end of period/year*
(3) *For a detailed calculation of our Net Asset Value per Equity Share, see "Other Financial Information – Non-GAAP Reconciliation" on page 327.*
(4) *Total Equity has been computed by aggregating equity share capital and other equity*

 # Reconciliation of Net Asset Value per Equity Share

Particulars	Total Equity (₹ in million)	Number of Equity Shares Outstanding	Net Asset Value per Equity Share
Financial Year ended March 31, 2022	13,379.51	82,760,403	161.67
Financial Year ended March 31, 2021	12,463.55	82,585,762	150.92
Financial Year ended March 31, 2020	11,988.89	82,498,852	145.32
For the three months period ended June 30, 2022	14,164.65	82,784,498	171.10
For the three months period ended June 30, 2021	12,516.51	82,614,502	151.50

6. *Comparison of Accounting Ratios with Listed Industry Peers as at/for the year ended March 31, 2022*

Name of the company	Total Income (₹ in million)	Face Value (₹)	P/E	Earning per share (Basic) (₹)	Earning per share (Diluted) (₹)	RoNW (%)	Net asset value per equity share (₹)
Fusion Micro Finance Limited*	12,013.49	10	NA	2.67	2.64	1.63	161.67
Listed Peers							
Credit Access Grameen	27,501.30	10.00	42.60	23.31	23.22	8.98	255.19

Name of the company	Total Income (₹ in million)	Face Value (₹)	P/E	Earning per share (Basic) (₹)	Earning per share (Diluted) (₹)	RoNW (%)	Net asset value per equity share (₹)
Limited**							
Spandana Sphoorty Financial Limited**	14,800.35	10.00	52.76	10.75	10.72	2.26	447.21
Bandhan Bank Limited**	1,66,939.43	10.00	342.44	0.78	0.78	0.72	107.91
Ujjivan Small Finance Bank Limited**	31,260.74	10.00	#NM	(2.40)	(2.40)	(14.79)	16.22
Equitas Small Finance Bank Limited	39,972.26	10	20.21	2.43	2.4	6.61	33.91
Suryoday Small Finance Bank Limited**	10,353.79	10.00	#NM	(8.76)	(8.76)	(6.18)	141.78

#Not Meaningful

Notes:

** Financial information for Fusion Micro Finance Limited is derived from the Restated Financial Statements for the period ended June 30, 2022.*

***All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the annual reports/ financial results as available of the respective company for the year ended March 31, 2022 submitted to stock exchanges*

(1) Basic EPS refers to the Basic EPS sourced from the financial results of the respective company for the year ended March 31, 2022.
(2) P/E Ratio has been computed based on the closing market price of equity shares on NSE on October12, 2022 divided by the Basic EPS provided under Note 1.
(3) RONW is computed as net profit after tax divided by Total Equity.
(4) Total Equity includes equity share capital and other equity derived from our Restated Financial Statements as of the last day of the relevant year
(5) Net Asset Value per Equity Share is computed as the Total Equity divided by the equity shares outstanding as on March 31, 2022.

7. ECL % w.r.t total loans and Gross NPA (GNPA)% for last 3 FYs in comparison with its listed peers

Name of the Company	ECL (%)			GNPA (%)		
	FY20	FY21	FY22	FY20	FY21	FY22
Fusion Micro Finance Limited*	3.0%	5.4%	6.7%	1.1%	5.5%	5.7%
Listed Peers**						
Equitas Small Finance Bank Limited	1.8%	2.2%	2.6%	3.0%	3.7%	4.1%
Ujjivan Small Finance Bank Limited	1.4%	5.4%	6.9%	0.97%	7.1%	7.1%
Credit Access Grameen Limited	2.5%	6.0%	4.0%	1.6%	4.4%	3.6%
Spandana Sphoorty Financial Limited	4.9%	8.5%	6.3%	0.5%	3.1%	15.0%
Bandhan Bank Limited	2.4%	4.8%	8.5%	1.5%	6.8%	6.5%
Suryoday Small Finance Bank Limited	4.5%	4.2%	8.5%	2.8%	9.4%	11.8%

**ECL % is Impairment on loan portfolio to Average gross loan portfolio derived from Restated Financial Statements for the period ended June 30, 2022*
Gross NPA ratio represents Stage III Assets (Gross NPAs) as of the last day of the relevant year as a percentage of term loans (gross) for such year derived from our Restated Financial Statements for the period ended June 30, 2022
***All the financial information for listed industry peers mentioned above is populated from Investor presentations and Financial Results submitted by respective peer*
Note:
(i) For a detailed calculation of our Impairment on loan portfolio to Average gross loan portfolio see "Other Financial Information – Non-GAAP Reconciliation" on page 328.

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

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

Investors should read the above-mentioned information along with "*Risk Factors*", "*Our Business*", "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 27, 171, 248 and 331, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the "*Risk Factors*" on page 27 and you may lose all or part of your investments.

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO FUSION MICRO FINANCE LIMITED AND THE SHAREHOLDERS OF THE COMPANY UNDER THE DIRECT AND INDIRECT TAX LAWS IN INDIA

To
The Board of Directors
Fusion Micro Finance Limited
H-1, Community Centre,
Naraina Vihar,
New Delhi – 110 028

Dear Sirs,

We refer to the proposed initial public offer of the shares of Fusion Micro Finance Limited ("Fusion Micro Finance" or "the Company"). We enclose herewith the statement showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Income-tax Act 1961 as amended by Finance Act, 2022 (read with Income Tax Rules, circulars, notifications), as applicable for the assessment year 2023-24 relevant to the financial year 2022-23, the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"),the Customs Act, 1962 ("Customs Act"), the Customs Tariff Act, 1975 ("Tariff Act"), Foreign Trade Policy 2015-2020 (as extended) including the rules, regulations, circulars and notifications issued thereunder (collectively the "Taxation Laws") as amended by the Finance Act 2022 (including the rules, regulations, circulars and notifications issued) as applicable for the financial year 2022-23 relevant to the assessment year 2023-24 presently in force in India for inclusion in the Prospectus ("Offer Document") for the proposed initial public offer.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of Taxations Laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions. Further, certain tax benefits may be optional, and it would be at the discretion of the Company or its shareholders to exercise the option by fulfilling the conditions prescribed under the relevant Taxation Laws.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultants, with respect to the specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

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

- The Company or its Shareholders will continue to obtain these special tax benefits in future;
- The conditions prescribed for availing the special tax benefits have been/would be met;
- The revenue authorities/courts will concur with the views expressed herein.

We hereby give our consent to include enclosed statement regarding the tax benefits available to the Company and to its shareholders in the Offer Documents for the proposed initial public offer of shares which the Company intends to submit to the Securities and Exchange Board of India the registrar of companies, Delhi and Haryana at New Delhi and the stock exchange(s) provided that the below statement of limitation is included in the offer document.

LIMITATIONS

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the *existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the Rights issue or to any third party relying on the statement. This statement has been prepared solely in connection with proposed issue under the Companies Act, 2013 and Securities and Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.*

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 015125N)

Jitendra Agarwal
(Membership No.87104)
(UDIN:22087104AZTPGB5843)

Place: Gurugram
Date: October 14, 2022

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO FUSION MICRO FINANCE LIMITED (“THE COMPANY”) AND ITS SHAREHOLDERS

The information provided below sets out the possible direct tax benefits in the hands of Fusion Micro Finance Limited (“Fusion Micro Finance” or “the Company”) and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax benefits, under the current Income-tax Act, 1961 (“IT Act”), the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 (“GST Act”),the Customs Act, 1962 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”) (collectively the “Taxation Laws”) presently in force in India. Several of these benefits are dependent on the fulfilling the conditions prescribed under the relevant Taxation Laws. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives any of them face, they may or may not choose to fulfill. Further, certain tax benefits may be optional and it would be at the discretion of the Company or its shareholders to exercise the option by fulfilling the conditions prescribed under the relevant Taxation Laws. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. The statement below covers only relevant Taxation Laws benefits and does not cover any benefit under any other law.

A. SPECIAL TAX BENEFITS UNDER THE INCOME TAX ACT,1961 IN THE HANDS OF FUSION MICRO FINANCE LIMITED AND ITS SHAREHOLDERS

The law stated below is as per the Income-tax Act, 1961 as amended from time to time and applicable for financial year 2022-23 relevant to assessment year 2023-24

Special tax benefits available to Company under IT Act

Lower corporate tax rate under section 115BAA

A new section 115BAA has been inserted in the Act by the Taxation Laws (Amendment) Act, 2019 (“the Amendment Act, 2019”) w.e.f. April 1, 2020 (A.Y. 2020-21). Section 115BAA grants an option to a domestic company to be governed by the section from a particular assessment year. If a company opts for section 115BAA, it can pay corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and education cess of 4%). Section 115BAA further provides that domestic companies availing the option will not be required to pay Minimum Alternate Tax (MAT) on their ‘book profits’ under section 115JB of the IT Act.

However, such a company will no longer be eligible to avail specified exemptions/ incentives under the IT Act and will also need to comply with the other conditions specified in section 115BAA. Also, if a company opts for section 115BAA, the tax credit (under section 115JAA), if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available. Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

The tax expenses are recognized in the Statement of Profit and Loss of Fusion Micro Finance for the year ended March 2022 by applying the tax rate as prescribed in section 115BAA of the IT Act.

Deductions from Gross Total Income - Section 80JJAA of the IT Act - Deduction in respect of employment of new employees

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

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)

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

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

It must be noted that as per CBDT instruction 17-2008 dated 26 November 2008 amount of deduction claimed by assessee in respect of bad debts under section 36(1)(vii) of the IT Act is required to be reduced by opening balance of provision for bad and doubtful debts created under section 36(1)(viia) of the IT Act.

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

As per Section 43D(a) of the IT Act, interest income in relation to certain categories of bad or doubtful debts, 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 assessee's for computation of total income. The Company being a systemically important non-deposit taking non-banking financial company as per the provisions of Section 36(1)(viia)of the IT Act can claim benefit of this section by virtue of explanation (h) to Section 43D of the IT Act.

Rule 6EA of the Income tax Rules, 1962 specifies certain categories of bad and doubtful debts as covered under Section 43D(a) of the IT Act, the relevant extracts of which are as follows:

"(e)Debts recoverability whereof has become doubtful on account of shortfalls in value of security, difficulty in enforcing and realising the securities, or inability or unwillingness of the borrower to repay the banks dues, partly or wholly, and such debts have not been included in preceding clauses (a) to (d).

<u>Special tax benefits available to the shareholders under IT Act</u>

There are no special tax benefit available to the shareholders of Company for investing in the shares of the Company. However, such shareholders shall be liable to concessional tax rates on certain incomes under the extant provisions of the IT Act.

- Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under Section 80M of the IT Act would be available on fulfilling the conditions (as discussed above). 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, surcharge would be restricted to 15%, irrespective of the amount of dividend.

- As per Section 112A of the IT Act, long-term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains subject to fulfillment of prescribed conditions under the IT Act as well as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated 1 October 2018. It is worthwhile to note that tax shall be levied where such capital gains exceed INR 1,00,000.

- As per Section 111A of the IT Act, short term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 15% subject to fulfillment of prescribed conditions under the IT Act.

- **In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.**

B. STATEMENT OF POSSIBLE INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, AND SHAREHOLDERS OF THE COMPANY

The Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, the Customs Act, 1962 and the Customs Tariff Act, 1975 (collectively referred to as "Indirect tax")

Special Indirect Tax Benefits available to the Company

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

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

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

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

Apart from the above, there is no special Indirect tax benefits are available to the Company under the Indirect Tax Regulations in India.

Special Tax Benefits available to the Shareholders of the Company

There are no Special Tax Benefits available to the Shareholders Company under the GST Act.

Note:

Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. 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. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement.

This statement has been prepared solely in connection with the proposed issue under the Companies Act, 2013 and Securities and Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended.

Yours faithfully,
For and on behalf of **Fusion Micro Finance Limited**

SECTION IV – ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*The information in this section is derived from the report "Industry Report on Microfinance" dated October 2022 (the "**CRISIL Report**") prepared by CRISIL Research ("**CRISIL**"), a division of CRISIL Limited. A copy of the CRISIL Report is available on the website of our Company at https://fusionmicrofinance.com/wp-content/uploads/2022/10/Consent-Letter-CRISIL.pdf. We commissioned and paid for the CRISIL Report for an agreed fee for the purposes of confirming our understanding of the industry exclusively in connection with the Offer. We officially engaged CRISIL Research, a division of CRISIL Limited, in connection with the preparation of the CRISIL Report on March 13, 2021. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the Offer), that have been left out or changed in any manner.*

*CRISIL Market Intelligence & Analytics ("**CRISIL MI&A**"), a division of CRISIL Limited has taken due care and caution in preparing the CRISIL Report based on the information obtained by CRISIL Limited from sources which it considers reliable. The CRISIL Report is not a recommendation to invest or disinvest in any entity covered in the CRISIL Report and no part of the CRISIL Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that nothing in the CRISIL 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. CRISIL MI&A operates independently of and does not have access to information obtained by CRISIL Ratings Limited, which may, in its regular operations, obtain information of confidential nature. The views expressed in the CRISIL Report are that of CRISIL MI&A and not of CRISIL Ratings Limited.*

Macroeconomic Scenario

Inflation Impacts World and Indian Economy

According to the latest provisional estimates released by the National Statistical Office (NSO) in May 2022, India's real GDP growth has been pegged at 8.7% in the financial year 2022, lower than the last estimate of 8.9% released as second advance estimate in February 2022. In absolute terms, real GDP for the financial year 2022 is estimated at ₹147.4 trillion, marginally less than ₹147.7 trillion estimated earlier. The downward revision in GDP reflects a minor correction in first to third quarter GDP numbers, and a mild impact of third wave of COVID-19 and impact of Russia-Ukraine war in the fourth quarter. Further, given the large output loss due to the COVID-19 pandemic, the real GDP is only 1.5% above the pre-pandemic level (financial year 2020).

In the near-term, while risks due to the COVID-19 pandemic seem to be waning, high inflation, exacerbated by supply chain challenges as a result of the Russia-Ukraine war, and consequent tightening of interest rates by Central banks globally pose risks to economic growth globally and in India. According to IMF (World Economic Outlook – July 2022), global growth prospects have changed markedly since last year owing to geopolitical issues. In CY2021, global growth rebounded with a robust growth of positive 6.1% from negative 3.1% in the previous year, but it is expected to slowdown in CY2022 to 3.2%, impact of which is expected to be witnessed in Indian economy as well. Further, high inflation and the Russia-Ukraine war may push the world economy to the brink of recession, if unchecked.

India to Remain One of the Fastest Growing Economies amidst the Russia - Ukraine War

According to IMF, the economic damage from the ongoing war in Ukraine has contributed to a slowdown in global growth and rising inflation causing damage to various countries.

CRISIL Research expects growth outlook for FY2023 to be fettered with multiple risks. However, India is expected to remain one of the fastest growing economies in the world with GDP growth of 7.3% projected in the financial year 2023 as per CRISIL Research. The IMF estimates India's GDP to grow by 7.4% in CY 2022 due to its broad range of fiscal, monetary and health responses. However, IMF projects the growth to slow down to 6.1% in CY2023.

Supreme Court Decision on Litigations Related to Loan Repayment During Moratorium Period Positive for the Credit Culture

The RBI permitted lending institutions (banks as well as NBFCs) to offer an effective moratorium of six months on the payment of term loans falling due between March 1, 2020, and August 31, 2020, subject to the accounts being standard accounts as of February 29, 2020. Given the disruptive impact that COVID-19 had on incomes of certain customer segments as well as uncertainty created by the pandemic, a large proportion of NBFC customers availed of the flexibility provided by RBI, and about 50-60% of the micro loans were under moratorium as of August 2020.

Further, the Supreme Court admitted a number of petitions related to repayment of loans, the extension of moratorium period, interest payments during moratorium period and additional relief measures for impacted industries. In response to hearing these cases filed against the Central Government, the Supreme Court had in an interim order dated September 3, 2020, directed lending institutions that accounts that were not declared as NPAs as at August 31, 2020 shall not be declared as NPAs until further orders, pending disposal of the related cases by the Supreme Court. As a result, lending institutions have not been able to classify any borrower account that had not been declared as an NPA as at August 31, 2020 as NPA subsequently, notwithstanding the status on overdue from the account. Consequently, all the data reported by banks to credit information companies (CICs) on individual loan accounts was not truly representative of the status of overdues on the account.

On March 23, 2021, the Supreme Court pronounced its final judgement on the matter. The Supreme Court lifted the standstill on classification of loan accounts and also refused to direct the Government to increase the moratorium period or offer additional relief to impacted sectors over and above the packages already offered. As a result, banks and NBFCs will now be able to classify an account on the basis of its overdue status and the data submitted the CICs will also reflect the true status of an account. The apex court also refused to grant complete waiver of interest on loans during the moratorium period.

To soften the impact of COVID-19 on consumers, on October 23, 2020, the Central Government announced a scheme for the grant of ex-gratia payments to borrowers of certain categories of loans (MSME loans, education loan, housing loans, consumer durable loans, credit card dues, automobile loans, personal loans and consumption loans) where the sanctioned limit and outstanding amount does not exceed ₹20 million irrespective of whether they opted for the moratorium or not (aggregate of all facilities with the lender). The ex-gratia payment was equivalent to the difference between compound interest and simple interest charged on those loans for the period March 1, 2020 to August 31, 2020. The scheme involved the lenders crediting the difference between simple interest and compound interest for the period between March 1, 2020 to August 31, 2020, to the accounts of such borrowers and the Government paying such credited amounts to the lenders. These payments have been credited to the borrower accounts in November 2020.

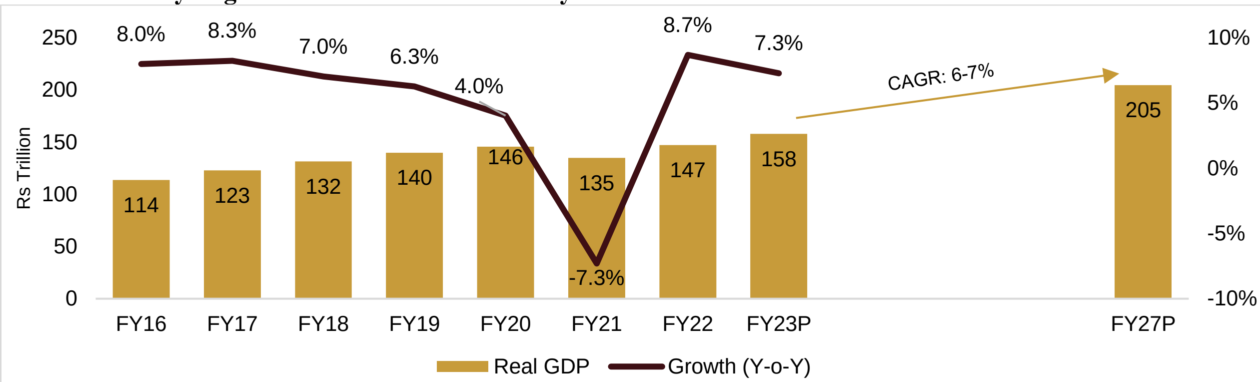
The SC, in its March 2021 judgement, has now asked the banks to extend the benefit of receiving interest on interest for loan repayments made during the moratorium period to accounts where the loan outstanding exceeds ₹20 million as well. This amount should be adjusted by banks against future loan repayments. As of March 2021, it is not very clear whether the Government is going to compensate banks and NBFCs towards the same.

Financial condition begins to tighten with mounting inflation

The RBI’s Monetary Policy Committee (MPC) raised policy rates by 40 basis points (“**bps**”) in May 2022. This was followed by another expected rate hike of 50 bps in June 2022, 50 bps in August 2022 and another 50 bps in September 2022, thus bringing the repo rate to 5.90%, the standing deposit facility (SDF) to 5.65% and the marginal standing facility (MSF) to 6.15%. The hike in interest rate was required as inflation, despite some softening was above RBI’s limit. Spill over risks from hike in US federal rates and other major central banks is also a factor for the increase in repo rates.

Despite slower global growth, MPC believes India’s economic recovery is gaining strength. The latest GDP numbers showed the growth slowing down to 4.1% on-year in the fourth quarter of the financial year 2022 compared to 5.4% in the previous quarter. However, the first quarter of the financial year 2023 shows broadening recovery. High frequency indicators such as bank credit, railway, freight traffic, GST collections and steel consumption also indicate improvement in economy. Further, MPC expects normal monsoons, rebound in contact-based service and investment activity gains to augur well for the economy.

India's economy to grow at 7.3% in the financial year 2023



Note: FY23 is projected based on CRISIL estimates FY24-FY27 is projected based on IMF estimates, Source: CRISIL Research, IMF World Economic Outlook – July 2022

Macroeconomic outlook for Financial Year 2023

Macro variables	FY22	FY23P	Rationale for outlook
GDP (y-o-y)	8.7*%	7.3%^	In the financial year 2023 growth is expected to be influenced by inflation and external spillovers. Higher oil prices, slowing global demand for India's exports and higher inflation will act negatively for the Indian economy. Inflation which reduces purchasing power would weigh in the revival of consumption, the largest component of GDP which has been backsliding for a while. However, a normal monsoon forecast and rebound in contact-intensive services are expected to bring some succor.
Consumer price index (CPI) inflation (y-o-y)	5.5%	6.8%	CPI inflation will be inflated due to external factors. This will be due to persistent high international commodity prices and input costs putting pressure on food, fuel and core inflation. The other factor is due to the heatwave's adverse impact on critical food items like wheat and vegetables.
10-year Government security yield (financial year-end)	6.8%	7.5%	Increase in gross market borrowing by the government, rate hikes by the RBI and the Federal Reserve System along with surging crude oil price is expected to cause a surge in government security yields.
CAD (Current account balance)/GDP (%)	(1.2)%	(3)%	India is expected to be vulnerable to external shocks raising current account deficit. Major factors will be elevated commodity prices, slowing global growth and supply chain snarls.
Rs/$ (March average)	76.2	78	The rupee-dollar exchange rate will remain volatile with a depreciation bias in the near term due to widening trade deficit, foreign portfolio investment outflows and strengthening of the US dollar index. US Dollar index will strengthen due to rate hikes by US Federal Reserve and safe-haven demand for the dollar amid the geopolitical risks.

*Note: *NSO estimate, ^ with downside risk, P – Projected, Source: Reserve Bank of India (RBI), National Statistics Office (NSO), CRISIL Research*

Positive government regulations to aid economic growth

CRISIL Research forecasts India's GDP to grow at approximately 7% per annum between financial years 2023 and 2025. This growth is expected to be supported by the following factors:

- focus on investments rather than consumption push the productive capacity of the economy;
- the production linked incentive scheme which aims to incentivise local manufacturing by giving volume-linked incentives to manufacturers in specified sectors; and
- policies aimed towards greater formalisation of the economy, which are bound to lead to an acceleration in per capita income growth.

Rural Economy is Becoming Structurally far More Resilient and Has Been Relatively Less Impacted by COVID-19

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

The rural economy accounts for almost half of India's GDP and has performed much better than urban India in the aftermath of COVID-19. There are three reasons for this.

First, agricultural activity has continued largely unhindered, normal monsoons and lower spread of COVID-19 in rural areas given the lower population density. Second, the Government has pitched in with support by making available an additional ₹500 billion of funding towards the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) and also disbursing ₹570 billion towards the PM-Kisan scheme. Third, the structure of the non-agriculture rural economy has helped it bear the COVID-induced shock better. Rural economy contributes to 51% of India's manufacturing GDP, but the rural share in services GDP (excluding public administration, defence and utilities) is much lower at around 26%.

In first half of the financial year 2023, across rural and urban areas, the poor (bottom 20% income class) continue to face effectively higher inflation as compared to their richer counterparts (top 20%), as inflation on food and fuel items remained high. Rising inflation, coupled with negative rural wage growth has led to subdued rural demand. However, the onset of festival is likely to boost consumer demand in the rural areas.

Financial Inclusion

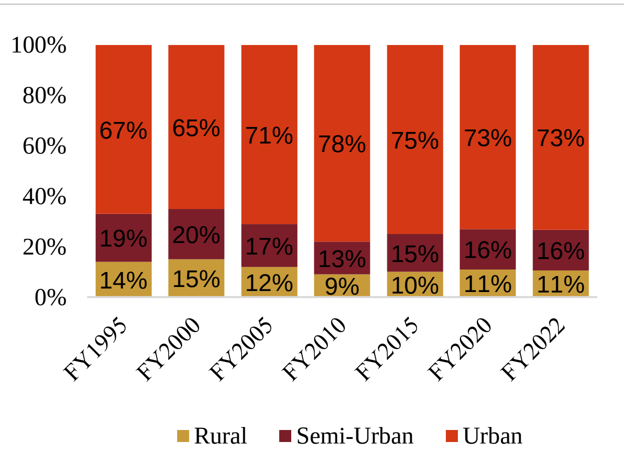
Rural India Accounts for about Half of GDP, but only about 9% of Total Credit and 11% of Total Deposits

As of March 2020, there were about 640,000 villages in India, inhabited by about 893 million people, comprising about 66% of the country's population in CY2020. About 47% of India's GDP comes from rural areas. As of March 31, 2022, their share in banking credit and deposits is abysmally low with just 9% of total credit and 11% of total deposits coming from rural areas. The massive divergence in the rural areas' share of India's GDP and banking credit and deposit services compared with urban areas is as an indicator of the extremely low penetration of the banking sector in rural areas.

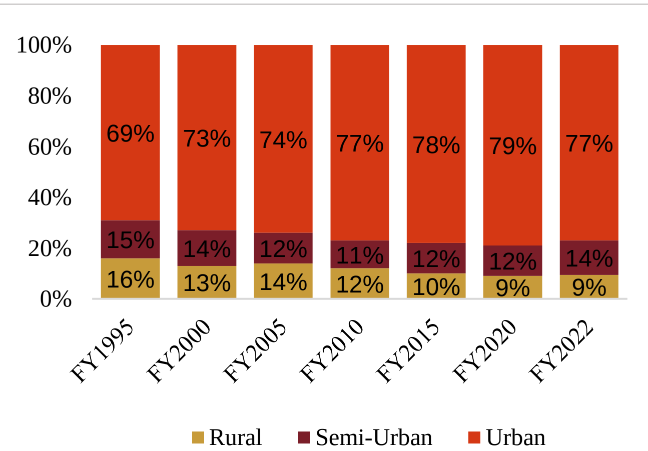
The chart below shows the percentage of GDP contribution and credit outstanding in rural and urban areas:

<u>Low share of banking credit and deposit indicates lower penetration in rural areas (FY22)</u>

Population group wise share of deposits

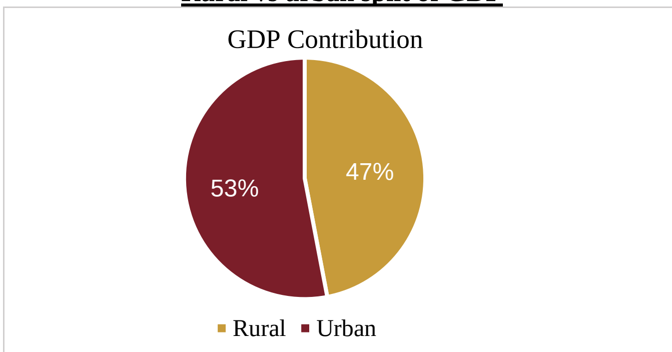


Population group wise share of credit



Source: CSO; RBI

Rural vs urban split of GDP

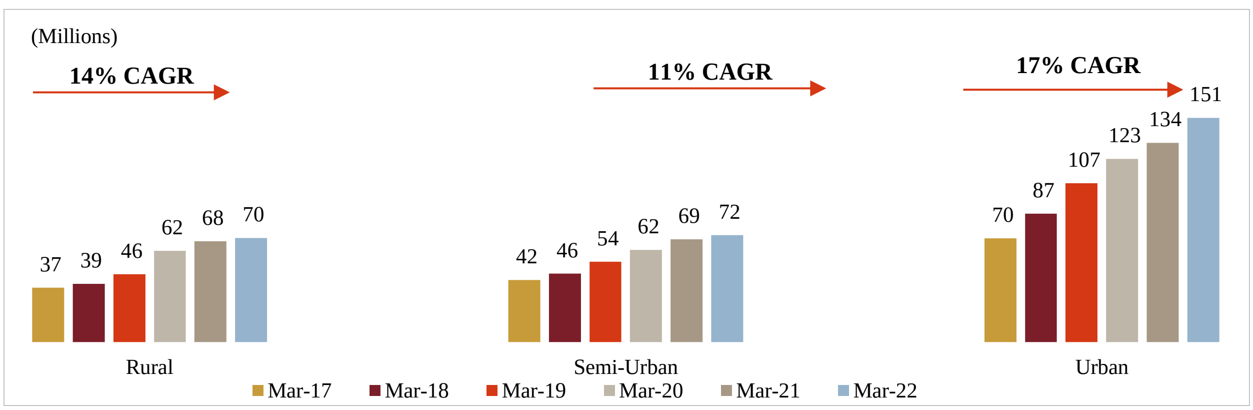


Source: CSO; RBI; CRISIL Research estimates (for GDP contribution as per 2017)

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

The number of bank credit accounts in rural areas grew at a CAGR of 14% between the end of the financial year 2017 and the end of the financial year 2022 and the number of bank deposit accounts grew at a CAGR of 5% between the end of the financial year 2017 and the end of the financial year 2022. However, with payments bank increasing their reach and expanding into rural areas and increasing financial awareness, faster growth in rural areas can be expected in the future given the huge untapped potential. Between the end of the financial year 2017 and the end of the financial year 2022, the number of credit accounts in semi-urban areas grew at a CAGR of 11% and between the end of the financial year 2017 and the end of the financial year 2022, the number of deposit accounts grew at a CAGR of 4%. Between the end of the financial year 2017 and the financial year 2022, the number of credit accounts in urban areas grew at a CAGR of 17% and between the end of the financial year 2017 and the end of the financial year 2022, the number of deposit accounts grew at a CAGR of 3%.

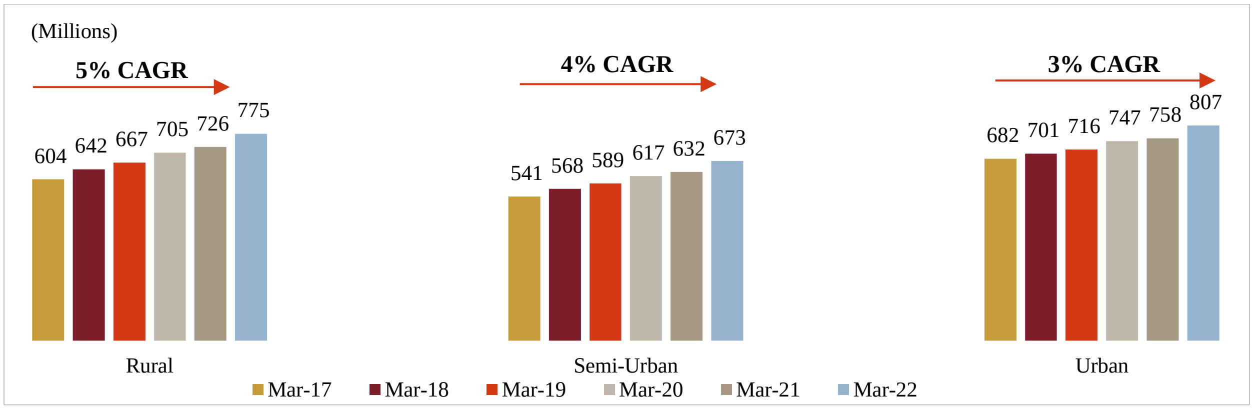
Bank credit accounts in rural, semi-urban and urban areas



Source: RBI; CRISIL Research

Note: Urban includes data for urban and metropolitan areas; amounts are as of the end of the financial year indicated. Data represents only bank credit accounts.

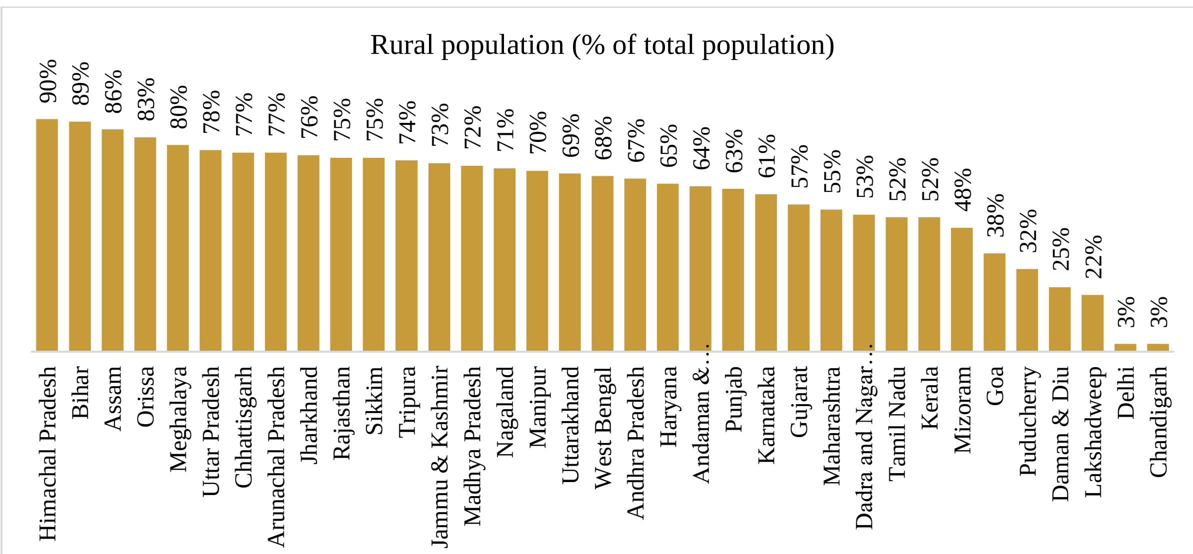
Bank deposit accounts in rural, semi-urban and urban areas



Source: RBI; CRISIL Research

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

State-wise share of rural population (CY2011)



Source: Census 2011, CRISIL Research

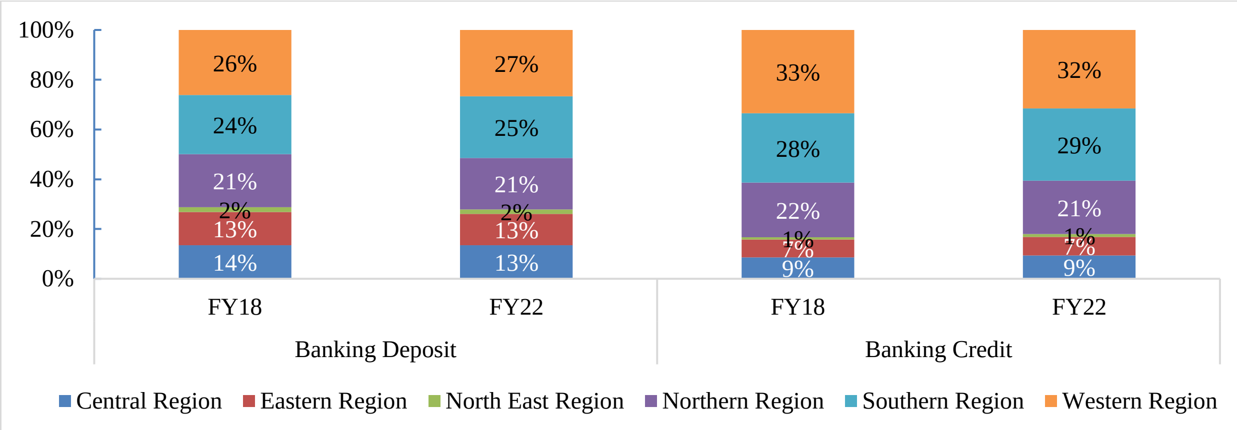
Note: Sequence of states are arranged in descending order of the proportion of rural population.

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

Region-Wise Asymmetry: Central and Eastern Regions have a Lower Share in Total Bank Credit and Deposits

Bank credit and deposits are predominantly concentrated in the southern and western regions, whereas they have been especially low in the north-eastern and eastern regions. Deposit penetration in the southern region has increased by 700 bps on-year to 29% in the financial year 2021 and has remained stable in the financial year 2022, thereby taking the share of the southern region in overall deposit to 25% at end of the financial year 2022. Between the financial years 2018 and 2022, the share of the northern region has remained stable at 21% in terms of banking deposit. In terms of banking credit, the share of northern region has moderated marginally from 22% in the financial year 2018 to 21% in the financial year 2022.

Region-wise share of banking credit and total deposits



Source: RBI; CRISIL Research

Note: The percentages are as of the end of the financial year indicated.

Bank retail credit per capita in the east is the lowest and is nearly five times lower than in the south and west. Low per-capita retail credit as well as deposits in eastern, central, and north-eastern regions compared with other regions implies low penetration of banks in these areas. This provides an opportunity for all lending and deposit accepting institutions to expand in these regions and also expand their reach in specific areas around them. In terms of deposits, the southern region is moderately penetrated compared with the northern and western regions, leaving a lot of headroom for growth for the players to capitalise on.

The number of branches and ATM facilities in the eastern regions, where credit penetration and deposit-base are low is also below those of the southern and western regions, which CRISIL Research believes is largely due to lower focus from the bigger banks.

Large Variation in Credit Availability Across States and Districts

There is a wide variation across states and within various districts in the same state as well in terms of credit, which indicates latent opportunity for providing banking services to unserved or underserved customers. Uttar Pradesh and Bihar are the most populous states in India, accounting for 17% and 9%, respectively, of overall population in India, but their share in overall credit outstanding are only 5% and 2%, respectively, shows large variation in credit, as compared to other states like Assam, Jharkhand and Odisha with a share of approximately 1%.

Based on bank credit accounts in rural areas, Himachal Pradesh, Odisha, Jharkhand and Bihar have more than 45% of the credit accounts in rural areas compared to Maharashtra, Delhi, Kerala where the share of accounts in rural areas is below 10%. In value terms, bigger states like Maharashtra, Delhi, Gujarat and Kerala have less than 10% of credit outstanding in rural areas compared to Meghalaya, Himachal Pradesh and Jammu & Kashmir with more than 30% of rural credit outstanding Maharashtra and Delhi, among the states with high share in overall credit, have more than 70% of total credit outstanding concentrated in the top five districts as of the financial year 2022.

State-wise rural credit accounts in banks and top five districts concentration (FY2022)

State	No. of districts	% share in overall population in India	Share in overall credit	Credit to Deposit ratio	Concentration of credit in top 5 districts	% of credit in rural areas	Concentration of credit accounts in top 5 districts*	% of credit accounts in rural areas*
Maharashtra	36	9%	26%	91%	90%	2%	77%	9%
NCT of Delhi	1	1%	11%	93%	100%	0%	100%	0%
Tamil Nadu	38	6%	9%	102%	60%	11%	44%	27%

State	No. of districts	% share in overall population in India	Share in overall credit	Credit to Deposit ratio	Concentration of credit in top 5 districts	% of credit in rural areas	Concentration of credit accounts in top 5 districts*	% of credit accounts in rural areas*
Karnataka	31	5%	7%	61%	75%	11%	50%	34%
Gujarat	33	5%	5%	70%	71%	7%	49%	19%
Telangana	35	NA	5%	97%	78%	9%	48%	30%
Uttar Pradesh	75	17%	5%	44%	39%	22%	23%	45%
Andhra Pradesh	20	7%	4%	139%	64%	18%	49%	36%
West Bengal	24	8%	4%	46%	72%	15%	47%	48%
Rajasthan	33	6%	3%	79%	53%	18%	40%	36%
Kerala	14	3%	3%	62%	67%	3%	52%	4%
Madhya Pradesh	52	6%	3%	67%	54%	13%	33%	30%
Haryana	22	2%	3%	55%	63%	10%	44%	23%
Punjab	23	2%	2%	54%	60%	21%	46%	31%
Bihar	38	9%	2%	42%	48%	27%	36%	51%
Odisha	30	3%	1%	41%	62%	22%	47%	54%
Chhattisgarh	28	2%	1%	66%	75%	10%	52%	25%
Assam	33	3%	1%	49%	52%	26%	37%	49%
Jharkhand	24	3%	1%	31%	68%	20%	53%	50%
Chandigarh	1	0%	1%	89%	100%	0%	100%	1%
Jammu & Kashmir	22	1%	1%	52%	60%	36%	50%	53%
Uttarakhand	13	1%	1%	36%	89%	23%	82%	35%
Himachal Pradesh	12	1%	0%	32%	73%	60%	68%	72%
Goa	2	0%	0%	24%	100%	17%	100%	30%
Puducherry	4	0%	0%	64%	100%	11%	100%	19%
Tripura	8	0%	0%	42%	86%	35%	83%	43%
Meghalaya	12	0%	0%	32%	91%	37%	88%	47%
Manipur	15	0%	0%	60%	83%	30%	82%	32%
Nagaland	9	0%	0%	43%	86%	23%	81%	25%
Mizoram	11	0%	0%	45%	84%	16%	80%	20%
Arunachal Pradesh	18	0%	0%	24%	72%	28%	65%	32%
Sikkim	4	0%	0%	39%	100%	27%	100%	39%
Dadra & Nagar Haveli and Daman & Diu	3	0%	0%	36%	100%	3%	100%	4%
Andaman & Nicobar Island	3	0%	0%	47%	100%	20%	100%	26%
Ladakh	2	NA	0%	36%	100%	36%	100%	45%
Lakshadweep	1	0%	0%	10%	100%	39%	100%	43%

Note: Arranged in descending order of share in overall credit outstanding of banks, (*) As of the financial year 2021.

Source: RBI, CRISIL Research

Similarly, in terms of bank deposits, Odisha, Jharkhand, Assam, Himachal Pradesh, Sikkim and Meghalaya have more than 50% of the deposit accounts in rural areas compared to Maharashtra, Delhi and Kerala where the share of accounts in rural areas is below 20%. In value terms, Maharashtra, Delhi, Kerala, Karnataka, Tamil Nadu and Haryana have less than 10% of deposits in rural areas compared to Sikkim, Tripura, Meghalaya, Arunachal Pradesh, Himachal Pradesh and Jammu & Kashmir with more than 25% of rural deposits.

Maharashtra and Karnataka, among the bigger states have more than 75% of total deposits concentrated in the top five districts as of the financial year 2022.

State-wise rural deposit accounts in banks and top five districts concentration (FY2022)

State	No. of districts	% share in overall population in India	% Share in overall deposits	Concentration of deposits in top 5 districts	% of deposits in rural areas	Concentration of deposit accounts in top 5 districts*	% deposit accounts in rural areas*
Maharashtra	36	9%	21%	85%	3%	52%	18%
Nct Of Delhi	1	1%	9%	100%	1%	61%	2%
Uttar Pradesh	75	17%	8%	41%	19%	16%	46%
Karnataka	31	5%	8%	80%	7%	46%	29%
Tamil Nadu	38	6%	7%	63%	8%	33%	24%
West Bengal	24	8%	6%	70%	17%	43%	48%
Gujarat	33	5%	5%	62%	11%	43%	26%
Kerala	14	3%	4%	63%	3%	53%	4%
Telangana	35	NA	4%	84%	6%	49%	25%
Haryana	22	2%	4%	68%	9%	41%	25%
Rajasthan	33	6%	3%	55%	15%	34%	37%
Madhya Pradesh	52	6%	3%	53%	11%	24%	32%
Punjab	23	2%	3%	57%	21%	47%	32%
Bihar	38	9%	3%	49%	22%	30%	50%
Odisha	30	3%	2%	59%	23%	36%	57%
Andhra Pradesh	20	7%	2%	63%	16%	50%	28%
Jharkhand	24	3%	2%	69%	18%	42%	52%
Chhattisgarh	28	2%	1%	65%	17%	38%	44%
Assam	33	3%	1%	60%	21%	32%	54%
Uttarakhand	13	1%	1%	85%	23%	75%	44%
Jammu & Kashmir	22	1%	1%	69%	28%	50%	51%
Himachal Pradesh	12	1%	1%	74%	59%	67%	75%
Goa	2	0%	1%	100%	24%	100%	34%
Chandigarh	1	0%	1%	100%	1%	100%	3%
Tripura	8	0%	0%	91%	28%	81%	48%
Meghalaya	12	0%	0%	92%	25%	82%	56%
Puducherry	4	0%	0%	100%	6%	100%	17%
Arunachal Pradesh	18	0%	0%	75%	27%	62%	44%
Nagaland	9	0%	0%	95%	11%	87%	26%
Manipur	15	0%	0%	89%	25%	74%	40%
Dadra & Nagar Haveli and Daman & Diu	3	0%	0%	100%	5%	100%	15%
Mizoram	11	0%	0%	89%	12%	79%	34%
Sikkim	4	0%	0%	100%	30%	100%	52%
Ladakh	2	NA	0%	100%	23%	100%	34%
Andaman & Nicobar Islands	3	0%	0%	100%	24%	100%	37%
Lakshadweep	1	0%	0%	100%	29%	100%	41%

Source: RBI, CRISIL Research

Note: Arranged in descending order of share in overall deposits. Rural and semi-urban areas have been considered to calculate share of deposits and deposit accounts in rural areas.

States with Low Financial Penetration Present a Strong Case for Growth

Uttar Pradesh, Karnataka and Andhra Pradesh have a strong potential for growth in the coming years

States like Andhra Pradesh, Karnataka and Uttar Pradesh have huge headroom for growth given the credit penetration and economic growth. Similarly, In the West, states such as Maharashtra and Gujarat have showcased good growth in terms of GDP and Gujarat has a relatively lower credit penetration, which provides a huge potential to be addressed.

Uttar Pradesh, Bihar, Madhya Pradesh, Jharkhand and Chhattisgarh have the lowest credit account penetration among all other states in the country. These states also exhibit lower CRISIL Inclusix score indicating low financial inclusion.

With lower financial penetration, these states present huge untapped market and potential for growth in future, as their GDP gradually increases.

State-wise GDP and GDP growth

States	GSDP - Constant Prices FY22 In Rs. Billion	Y-o-Y growth	CAGR (FY17-FY22)	Credit Account Penetration as on FY21	Deposit Account Penetration as on FY22	Branch Penetration as on FY22	ATM Penetration as on FY22	CRISIL Inclusix Score (FY2016)
Maharashtra*	18,893	(7.57)%	2.69%	44%	179%	109	194	62.7
Tamil Nadu	13,984	7.85%	6.17%	47%	189%	148	296	77.2
Karnataka	12,522	9.47%	5.86%	28%	189%	156	248	82.1
Uttar Pradesh	11,687	7.26%	2.93%	10%	132%	80	82	44.1
Gujarat*	12,443	(1.95)%	6.82%	16%	155%	126	182	62.4
West Bengal*	7,927	1.06%	5.40%	17%	163%	93	114	53.7
Rajasthan	7,330	11.04%	4.20%	14%	136%	103	119	50.9
Andhra Pradesh	7,469	11.43%	6.69%	16%	100%	78	104	78.4
Delhi*	5,647	(3.86)%	3.49%	33%	296%	195	402	86.1
Haryana	5,888	9.80%	5.21%	22%	205%	179	220	67.7
Madhya Pradesh	6,217	10.12%	5.72%	14%	142%	90	114	48.7
Kerala	5,509	7.10%	2.57%	34%	215%	178	263	90.9
Punjab	4,162	5.12%	3.36%	20%	210%	207	227	70.9
Bihar*	4,199	2.50%	7.21%	11%	127%	65	56	38.5
Odisha	4,276	10.11%	4.86%	19%	152%	114	152	63
Chhattisgarh*	2,455	(1.77)%	5.19%	11%	151%	102	110	45.7
Jharkhand*	2,271	NA	5.36%	13%	138%	86	95	48.2
Assam	2,738	9.13%	6.27%	16%	144%	86	112	47.9
Uttarakhand*	1,759	(6.55)%	2.87%	14%	187%	191	221	69
Himachal Pradesh	1,244	8.35%	3.84%	14%	192%	217	262	72.3
Jammu & Kashmir*	NA	NA	NA	18%	NA	NA	NA	47.8
Tripura	469	12.16%	8.95%	27%	143%	142	130	66.2
Meghalaya	254	8.89%	3.14%	9%	96%	111	129	34.6

Source: RBI, MOSPI, CRISIL Research

Notes:

(1) (*) – GSDP as of FY21, CAGR Growth rate from financial year 2016-2021.

(2) Credit account penetration is calculated as total number of retail bank credit accounts/population of the state.

(3) Deposit account penetration is calculated as total number of bank deposit accounts/ population of the state.

(4) Branch penetration is calculated as Number of bank branches per million people.

(5) ATM penetration is calculated as Number of ATM per million people.

(6) For credit and deposit account penetration, this does not represent unique borrowers or depositors, total number of accounts have been considered.

(7) Andhra Pradesh and Telangana have been considered as one state. Population as of FY21 according to CRISIL estimates.

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

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

State	CRISIL Inclusix Score (2016)	Number of districts with CRISIL Inclusix score in the stated range					
		More than 70	60-70	50-60	40-50	Less than 40	Total number of districts
Kerala	90.9	13	1	0	0	0	14
Goa	88.9	2	0	0	0	0	2
Puducherry	87.7	3	1	0	0	0	4
Chandigarh	86.7	1	0	0	0	0	1
Delhi	86.1	1	0	0	0	0	1
Karnataka	82.1	20	5	5	0	0	30
Andhra Pradesh	78.4	10	3	0	0	0	13
Tamil Nadu	77.2	22	8	2	0	0	32
Telangana	72.8	7	3	0	0	0	10
Himachal Pradesh	72.3	9	2	1	0	0	12
Punjab	70.9	9	10	1	2	0	22
Uttarakhand	69.0	3	7	3	0	0	13
Haryana	67.7	7	10	1	2	1	21
Tripura	66.2	2	1	0	5	0	8
Andaman & Nicobar	63.9	1	0	0	0	2	3
Odisha	63.0	6	7	8	7	2	30
Maharashtra	62.7	9	6	8	11	2	36
Gujarat	62.4	10	5	4	7	7	33
Daman and Diu	60.7	0	1	1	0	0	2
Dadra and Nagar Haveli	60.2	0	1	0	0	0	1
Sikkim	60.2	1	0	0	2	1	4
West Bengal	53.7	2	4	5	6	3	20
Lakshadweep	51.3	0	0	1	0	0	1
Rajasthan	50.9	2	3	10	10	8	33
Madhya Pradesh	48.7	3	3	12	15	18	51
Jharkhand	48.2	2	3	2	5	12	24
Assam	47.9	2	4	3	8	10	27
Jammu & Kashmir	47.8	1	2	3	7	9	22
Chhattisgarh	45.7	2	0	5	5	15	27
Uttar Pradesh	44.1	4	4	5	25	37	75
Mizoram	43.2	0	0	1	1	6	8
Bihar	38.5	1	0	0	12	25	38
Arunachal Pradesh	34.7	1	0	2	0	14	17
Meghalaya	34.6	0	0	1	0	10	11
Nagaland	32.4	0	1	0	2	8	11
Manipur	32.0	0	1	0	0	8	9
Total	58.0	156	96	84	132	198	666

Source: CRISIL Inclusix, CRISIL Research

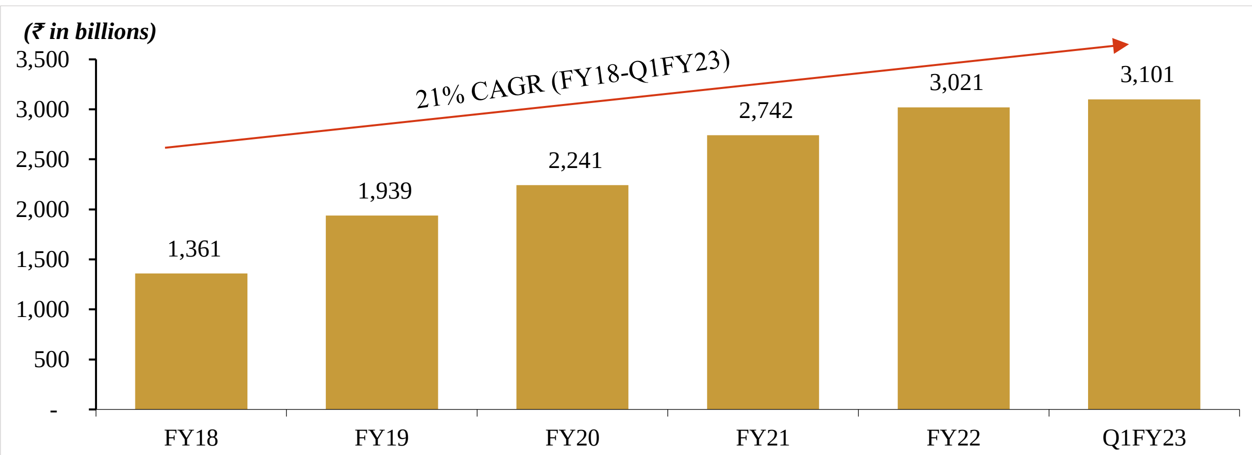
Microfinance

Industry GLP Grew at 21% CAGR Between the Financial Year 2018 to the First Quarter of the Financial Year 2023

The microfinance industry (joint-liability group ("**JLG**") portfolio) has recorded healthy growth in the past few years. The industry's gross loan portfolio ("**GLP**") increased at a CAGR of 21% since the financial year 2018 to reach approximately ₹3.1 trillion in the first quarter of the financial year 2023. The growth rate for NBFC-MFIs is the fastest as compared to other player groups.

In the financial year 2021, the industry has been adversely impacted due to the onset of the COVID-19 pandemic. While disbursements came to a standstill in the first quarter of the year, they have picked up subsequently. Disbursements have reached to the pre-COVID levels for NBFC-MFI in the third and fourth quarter of the financial year 2021. In the financial year 2022, the second wave of COVID-19 led to a slow start in disbursements. However, with decline in the number of Covid cases and faster recovery of the industry, the situation started improving from the second half with gross loan portfolio registering 10% growth on-year at the end of the financial year 2022.

GLP clocked 21% CAGR between FY2018 - Q1FY2023

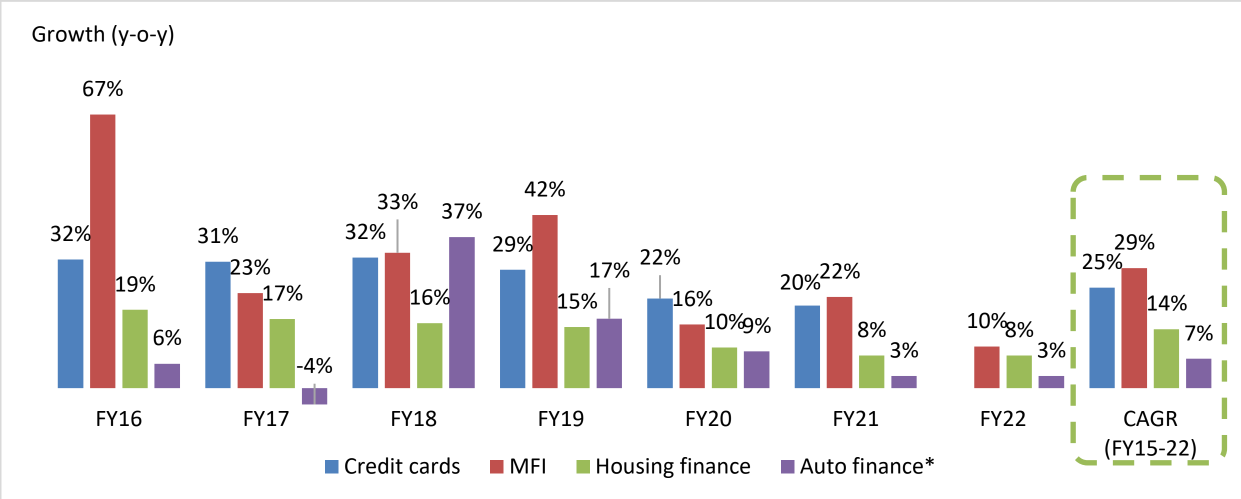


Source: Equifax, Company reports, Industry and CRISIL Research

*Note: Data includes data for banks' lending through JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks' lending through self-help groups ("**SHG**"). The amounts are as of the end of the financial year.*

Microfinance industry has grown at a healthy pace over the past few years to reach a GLP (credit outstanding) of ₹3.02 trillion in the financial year 2022 compared to other segments like housing finance and auto finance with credit outstanding of ₹25.5 trillion and ₹8.0 trillion, respectively, in the financial year 2022. The microfinance industry growth has been relatively higher despite the impact of various events like demonetisation, farm loan waivers, natural calamities, IL&FS crisis and outbreak of the COVID-19 crisis.

Microfinance industry growing at a faster pace compared to other retail loan segments during the financial years 2015 to 2022



*Note: * Calculated based on annual loan disbursement of passenger vehicle and two-wheeler segment, Data for MFI Industry includes data for banks' lending through JLGs, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks' lending through SHG. The amounts stated are as of the end of the relevant period/year, Source: Company's reports, RBI, SIAM, Equifax, CRISIL Research*

Outlook for Indian Microfinance Industry

CRISIL Research expects MFI Industry to grow at 18-20% CAGR between FY2022-2025. During the same period, NBFC-MFIs are expected to grow at a much faster rate of 20-22% as compared to the MFI industry. Key drivers behind superior growth outlook of the MFI industry include increasing penetration into the hinterland and expansion into newer states, faster growth in rural segment, expansion in average ticket size, and support systems like credit bureaus. The presence of self-regulatory organisations (SRO) like MFIN and Sa-Dhan is also expected to support sustainable growth of the industry going forward. Microfinance sector in India regulated by the RBI. The RBI's new regulatory regime for micro finance loans effective April 2022 has done away with interest rate cap applicable on loans given by NBFC-MFIs, and also supports growth by enabling players to calibrate pricing in line with customer risk.

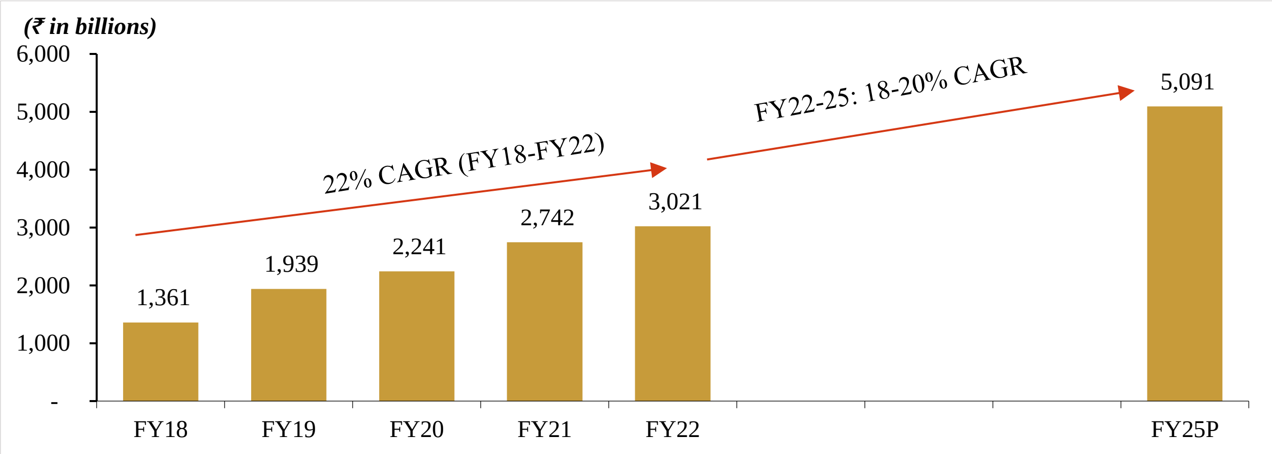
Key enablers behind growth of Microfinance Industry

- Digitalisation to bring down costs, improve collection efficiency and profitability for MFIs. CRISIL Research expects that the lower cost of servicing customers, better productivity and lower credit costs through the use of technology will help MFIs improve their profitability.
- MFIs have built a large distribution network in urban and rural India. Now these MFIs are leveraging this network to distribute financial and non-financial products including insurance and product financing of other institutions to members at a cost lower than competition.

Rising Penetration to Support Continued Growth of the Industry

Although, India's household credit penetration on MFI loan has increased to 33% in the financial year 2020 from 23% in the financial year 2017. The penetration is still on the lower side as only 4 states have penetration higher than 40%. There is huge untapped market available for MFI players. As of the end of March 2022, the microfinance industry had grown at a CAGR of 22% since the financial year 2018. In the financial year 2022, the industry grew by 10% year on year to reach ₹3.02 trillion as of March 2022. Going forward, CRISIL Research expects the overall portfolio size to reach ₹5.0 trillion by end of the financial year 2025.

MFI Industry GLP to grow at 18-20% CAGR between FY2022 and FY2025



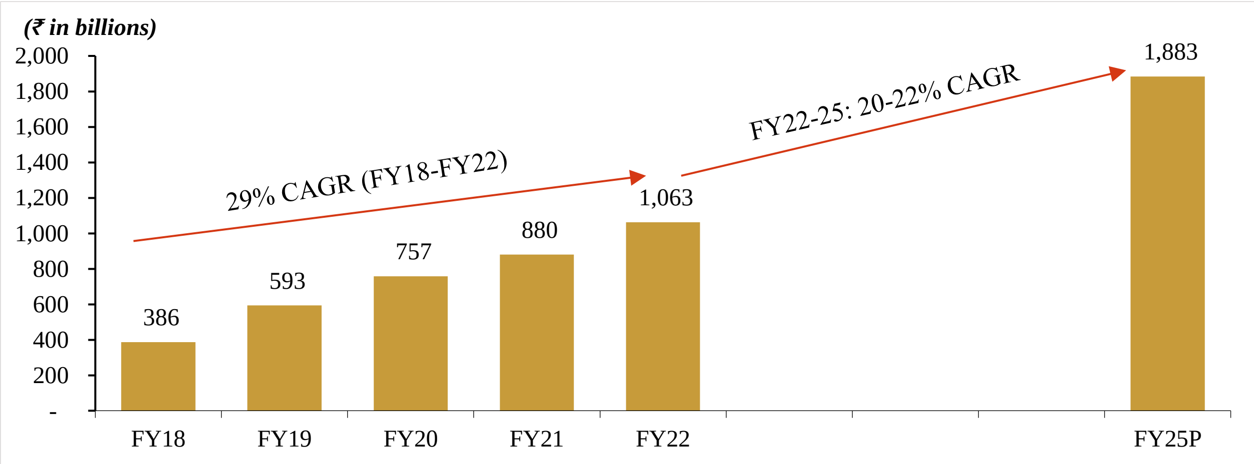
Source: Equifax, Company reports, Industry and CRISIL Research

Notes:

(1) Data includes data for banks' lending through JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks' lending through SHG. The amounts are as of the end of the financial year.

(2) P: Projected

NBFC MFI Industry GLP to grow at a faster rate than Industry

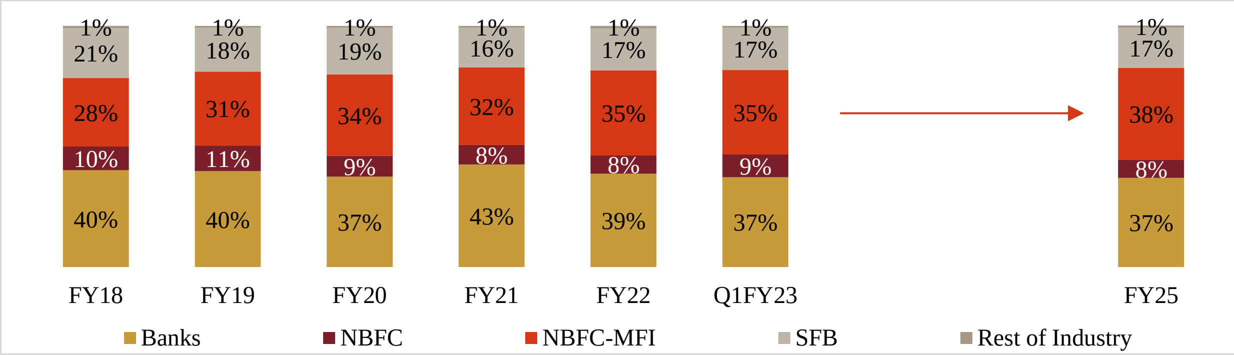


Source: Equifax, Company reports, Industry and CRISIL Research

Note: P: Projected, Data includes NBFC MFI players.

While the MFI industry and NBFC MFI portfolio growth is considerably lower compared with the historical growth, the incremental industry growth would be driven by continuous expansion in the client base of MFIs and increased penetration in rural areas. The share of NBFC-MFIs share is expected to increase to 38% by the financial year 2025.

NBFC-MFIs to gain market share between Q1FY23 and FY25 (GLP)



Source: Equifax, Company reports, Industry and CRISIL Research

Notes:

(1) Data includes data for banks' lending through JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks' lending through SHG. The amounts are as of the end of the financial year

(2) P: Projected

Competitive dynamics

CRISIL Research expects NBFC-MFIs to grow at a much faster rate vis-a-vis SFBs, on account of increasing focus of SFBs towards other product suite beyond the MFI loan portfolio and improving liquidity for NBFCs in the system.

Comparison of different participants in microfinance lending business

	Scheduled Commercial Banks	Small Finance Bank	MFI
Priority sector lending			
Targeted lending to sectors	• 40% for priority sector lending of their Adjusted Net Bank Credit (ANBC) or equivalent off-balance sheet exposure (whichever is higher) ○ 18% of ANBC to Agriculture ○ 7.5% of ANBC to micro-enterprises ○ 10% of ANBC to weaker sections	• 75% for priority sector lending of their Adjusted Net Bank Credit (ANBC) ○ 18% of ANBC to Agriculture ○ 7.5% of ANBC to micro-enterprises ○ 10% of ANBC to weaker sections • At least 50 per cent of loan portfolio should constitute loans and advances of up to ₹2.5 million	• 75% of loans should be qualifying micro-finance assets ○ Income generation loans > 50% of total loans
Prudential norms			
Capital adequacy framework	• Minimum Tier 1 capital: 7% • Minimum capital adequacy ratio: 9%	• Minimum Tier 1 capital: 7.5% • Minimum capital adequacy ratio: 15%	• Tier 1 capital > Tier 2 capital • Minimum capital adequacy ratio: 15%
Margin cap	• No Margin Cap	• No Margin Cap	• No Margin Cap
CRR / SLR	• Maintenance of CRR/SLR ratio mandatory	• Maintenance of CRR/SLR ratio mandatory	• No such requirement
Leverage ratio	• Minimum leverage ratio of 4%	• Minimum leverage ratio of 4%	• No such requirement
LCR (liquidity coverage ratio)/ NSFR (net stable funding ratio)	• Mandatory requirement to maintain liquidity coverage ratio	• Minimum liquidity coverage ratio of 100% by Jan 1, 2021 • NSFR will be applicable to SFBs on par with scheduled commercial banks as and when finalized	• No such requirement

	Scheduled Commercial Banks	Small Finance Bank	MFI
Funding			
Deposits	• Primarily rely on deposits for funding requirements	• Primarily rely on deposits for funding requirements • Deposit ramp-up will take time	• Cannot accept deposits
Bank loans / market funding	• Access to broader array of market borrowings	• Access to broader array of market borrowings • No access to bank loans	• Diversified funding sources including bank loans, short term and long-term market borrowings. Funding from NABARD, MUDRA loans etc.
Products			
Products offered	• Full spectrum of banking, savings, investment and insurance products	• Can offer savings and investment products apart from credit products / loans • Can act as Corporate Agent to offer insurance products • Cannot act as Business Correspondent to other banks	• Can act as Business Correspondent to another bank and offer savings, deposits, credit and investment products • Can act as Corporate Agent to offer insurance products

Source: RBI, CRISIL Research

Even though the above regulations related to MFIs seem to be less relaxed compared to others, they provide an opportunity to MFIs to have a singular focus on the customers they cater to and the products that they offer. The whole processes and systems can be built more efficiently, be more customised to the requirements of the customers, and deeper local understanding can be developed to handle nuances of different geographical areas. The other major advantage of that is the institution can be more flexible and react and adjust to various events faster. Also, being under the purview of RBI provides separate identity to the institutions and policy measures related to this segment get due focus.

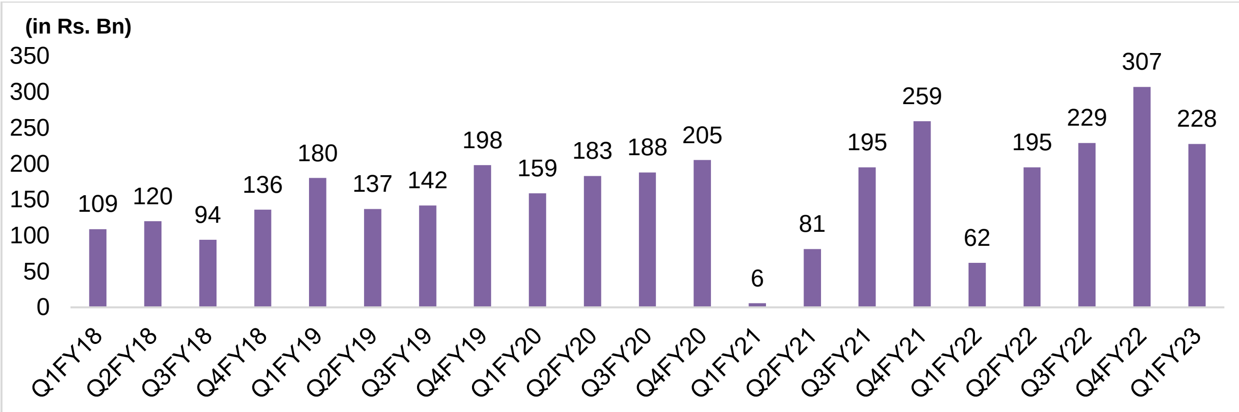
MFI Loan Disbursements Have Surpassed Pre-COVID

MFI loan disbursements dropped significantly in the first quarter of the financial year 2021 on account of negligible collections and focus of players on preserving liquidity. However, as borrowers were made aware about the impact of moratorium on their outflows and as lockdowns were eased, collections started pickup giving the comfort to the lenders towards the sector.

Disbursements started to increase towards the second half of the second quarter of the financial year 2021, and by the third quarter, disbursements were back at pre-COVID levels. Disbursement grew 26% on year in the fourth quarter of the financial year 2021. Though the disbursements declined in the financial year 2021, the impact was restricted on account of moratorium provided (in the form of increased tenure) leading to lower the quantum of repayments during the year.

The growth in disbursements was halted by the second wave of COVID-19 and it dropped by approximately 76% over the previous quarter in the first quarter of the financial year 2022. However, with a recovery in economy from July 2021, collections started to improve, and disbursements increased by 141% and 17% on-year in the second quarter of the financial year 2022 and the third quarter of financial year 2022 respectively. In the fourth quarter of the financial year 2022 as well, disbursements continued to remain robust and witnessed a growth of 19% on year. Collection efficiency of most players reached 98-99% in the fourth quarter of the financial year 2022. In the first quarter of the financial year 2023, the overall MFI disbursement slowed down as lenders took time to adjust to new guidelines.

Disbursements have surpassed the pre-COVID levels



Source: MFIN, CRISIL Research

Note: NBFC-MFI data

Players Tapping Newer States and Districts to Widen Client Base

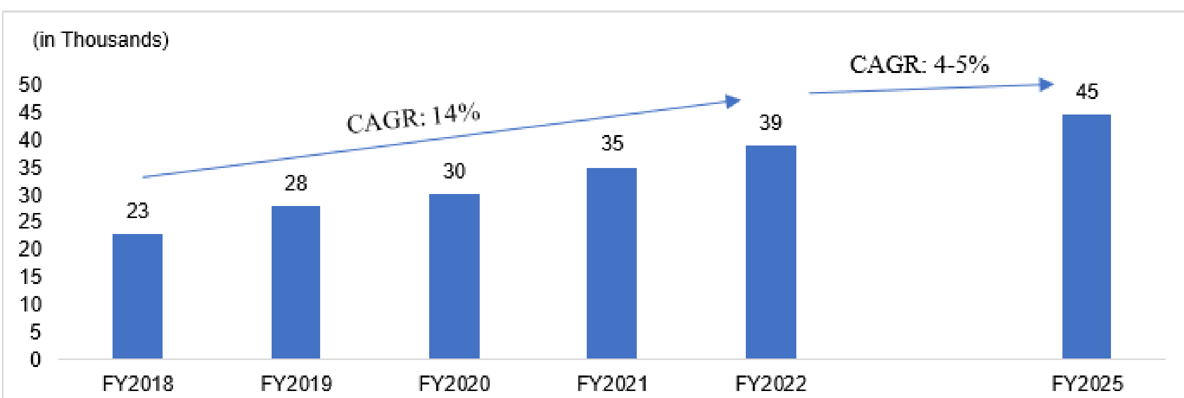
In the last few years, many MFIs have opened branches in untapped districts, thus increasing their penetration in geographies with underserved population. States including Himachal Pradesh, Uttar Pradesh, Gujarat, Maharashtra, Kerala, Punjab and West Bengal have highly penetrated as these states have at least one branch for 90,000 people. In states where the presence of MFIs and banks is strong, CRISIL Research has witnessed an increase in ticket size as well. Going forward, CRISIL Research expects penetration to deepen, which will further drive growth.

Odisha, Madhya Pradesh and Bihar are the few states with the large number of population unserved and, hence, provides an opportunity for existing players to improve their penetration and market share.

Average Ticket Size to Expand, but at Slower Pace

The average ticket size of MFIs has risen to ₹38,716 in the financial year 2022 from ₹23,196 in the financial year 2018, translating into a CAGR of 14%. The ticket size has seen sharp jump in the financial years 2021 and 2022 as disbursements might have happened largely to the existing clients.

Average ticket size of NBFC-MFI players



Source: MFIN, CRISIL Research

Note: Data includes NBFC-MFI players; average ticket size based on Disbursement.

Going forward, CRISIL Research expects MFI ticket size growth would be higher in newer under-penetrated states, but ticket size growth in other states with high penetration is expected to be lower. Further, growth would be faster in rural areas, where ticket sizes are relatively low. Consequently, increase in average ticket size at the industry level is projected to be much lower than in the past.

Rural Segment to Drive MFI Business

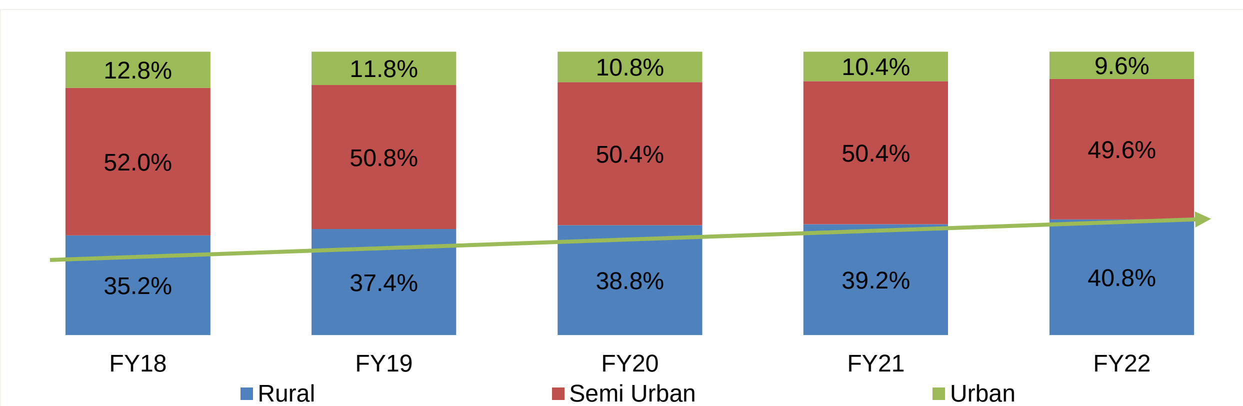
CRISIL Research expects the share of rural segment in MFIs' business to remain higher, with increasing demand expected from this segment. Despite 2/3rd of population, 47% of GDP contribution and 2/3rd of two-wheeler demand; the rural segment's share in credit remains fairly low at 10% of the overall credit outstanding, thereby opening up a huge opportunity for savings and loan products.

Compared to banks, MFIs have higher focus on rural areas. Going forward as well, for MFIs, rural clientele is expected to remain high in the range of 55-60% compared to urban clientele. CRISIL Research believes that establishing a good relationship with rural customers and engaging with them regularly leads to longer and more loyal customer relationship, which can be further leveraged to cross-sell other products.

Although, rural economy has been adversely affected due to the second wave of the COVID-19. Rural economy is structurally far more resilient and expected to bounce back strongly. And, with the Government's focus on financial inclusion, financial institutions opening up branches in the unbanked areas. CRISIL Research has seen that demand for loan is higher in rural areas. In the financial year 2022, the rural share has increased to 40.8% of the GLP from 35.2% in the financial year 2018 due to less competition, lower credit penetration and less migration in rural areas. It also benefitted from overall better credit behaviours and, in turn, lower delinquency rates.

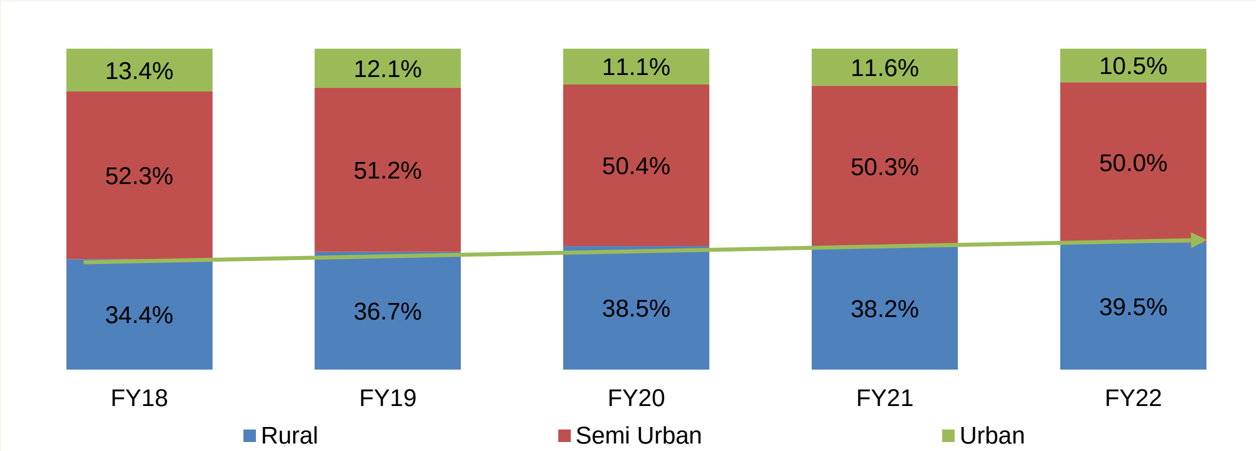
The significant under-penetration of credit in rural areas offers strong potential for improvement and that given the relatively deeper reach, existing client relationships and employee base, microfinance institutions are well placed to address this demand which is currently being met by informal sources such as local money lenders. As of March 31, 2022, rural accounts for approximately 39.5% market share in microfinance lending.

Rural region accounts for approximately 41% share in overall MFI Portfolio Outstanding as of FY 2022



Source: Equifax, CRISIL Research

<u>Rural accounts for approximately 39.5% share in overall portfolio outstanding in the FY 2022</u>



Source: Equifax, CRISIL Research

Advantages in rural focused business

- **Huge market opportunity in the rural segment** – Despite its larger contribution to GDP of 47%, the rural segment's share in credit remains fairly low at 10% of the overall credit outstanding. This provides a huge market opportunity for MFI players present in the segment.
- **Less competition –** In remote areas, informal credit channels have a major presence. In other words, there is a huge section of unbanked population with low competition. MFI players are better placed to tap this market.
- **Geographic diversification –** With increased focus on diversifying their portfolio and expanding their reach, MFI players are expected to log higher growth as they tap newer geographies.
- **Ability to manage local stakeholders –** With their microfinance experience, have the ability to manage local stakeholders and maintain operational efficiency.
- **Lower delinquency rates –** Asset quality of rural region is better than urban and semi urban region since the financial year 2017 due to better risk profile of customer and better credit discipline than the urban and semi-urban region.
- **Loan recovery and control on aging NPAs –** MFI players are experienced in collection and monitoring of default risk. This will help them keep asset quality under check.

Challenges in rural-focused business

The microfinance industry mainly caters to the poorer section of society, because of which there are some inherent challenges faced by the institutions, especially in rural areas:

- **High cost of reaching customer:** Providing microfinance loans in rural India requires reaching people in remote and sparsely populated regions, where deploying manpower and requisite infrastructure for disbursing loans and for recovery can often be expensive. The high cost of reaching out, and the small volume and ticket size of transactions elongates the breakeven period.
- **Lack of financial awareness:** Lack of financial and product awareness is a major challenge for institutions in rural areas. They are faced with the task of educating people about the benefits of financial inclusion, about the product and services offered by them, and establish trust before selling the product.
- **Vulnerability of household's income to local developments:** Uncertainty and unpredictability faced by low income households, and vulnerability of their incomes to local developments can make it difficult for

the borrowers to make repayments on time.

- **High proportion of cash collections:** Despite having a large proportion of loans disbursed through the cashless mode, the collection process in unbanked and rural areas is still done through cash. This leads to increased time spent on reconciliation, risk involved in handling cash, and higher TAT from the financier's perspective.

However, the rural economy has been resilient in the last year, amidst the COVID-19 pandemic. India has witnessed above normal, timely and largely well distributed monsoon, benefitting the agriculture industry and rural India. Further, increase in the agriculture credit target and allocation of infrastructure fund for development of Agriculture Produce and Livestock Market Committee reiterates government's commitment to provide a thrust to rural India rural India.

Key Success Factors

Ability to attract funds/raise capital and maintain healthy capital position

The microfinance industry has seen rapid growth over the past few years owing to the small ticket size and doorstep disbursement. Despite the rapid growth, a large portion of the market remains underpenetrated, making it necessary for MFIs to raise funds at regular intervals to sustain growth. This remains a challenge for several MFIs owing to perceived risk of the borrower segment, their susceptibility to socio-political issues, and volatility in asset quality. The ability of MFIs to raise funding from diverse sources and maintain a capital position much higher than the prescribed regulatory minimum is vital for long-term sustainability.

Geographically diversified portfolio helps MFIs mitigate risks

A large, well-diversified portfolio in different geographies enables players to mitigate risks associated with a concentrated portfolio. Apart from this, a wider scale of operation helps them cut down on operating expenses as a percentage of outstanding loans. Rural areas are still under-penetrated in India; hence, players operating in and focused on rural areas would see faster growth in their portfolios.

Ability to control asset quality and ageing of NPAs

The vulnerability of MFIs' portfolios to local issues and events that impact the repayment ability of borrower households make it critical for them to have a strong hold on asset quality and regularly engage with borrowers to control ageing of NPAs. MFIs, thus, need to put in place methods and use analytics to understand and predict the quality of the portfolio, and minimise the frequency and size of asset quality-related risks.

MFIs are focused on technology enablement

MFIs play a crucial role in providing financial access to underserved segments in the country. There is a huge potential for providing products and services to consumers at the bottom of the pyramid. Considering the challenges, and also the latent growth opportunities in meeting consumer needs, it would be beneficial for MFIs to enter into partnerships with fintech companies and tap the digital medium for financial inclusion.

Digitalisation to bring down costs, improve collection efficiency and profitability for MFIs

Digitalisation has impacted almost all aspects of the financial services industry. However, it is far more critical to the MFI industry as lower operating cost can result in higher financial inclusion and increased benefits for customers. The use of technology has helped MFIs grow at a fast pace, improve efficiency, lower cash usage and turnaround times, develop new products, provide better services to customers, and use analytics for portfolio monitoring and credit appraisal. In the first quarter of the financial year 2023, approximately 44 NBFC-MFIs have reported 100% of their disbursement through cashless mode.

CRISIL Research expects that the lower cost of servicing customers, better productivity and lower credit costs through the use of technology will help MFIs improve their profitability.

Credit risk mitigation by credit bureaus

Credit bureaus, such as Equifax and Highmark, collect data from several MFIs and build a comprehensive database that captures the credit history of borrowers. These databases are updated weekly. The presence of credit bureaus ensures that MFIs have access to more data on their borrowers, helping them make informed lending decisions over the long run.

Industry Resilient Despite Major Setbacks and Changing Landscape

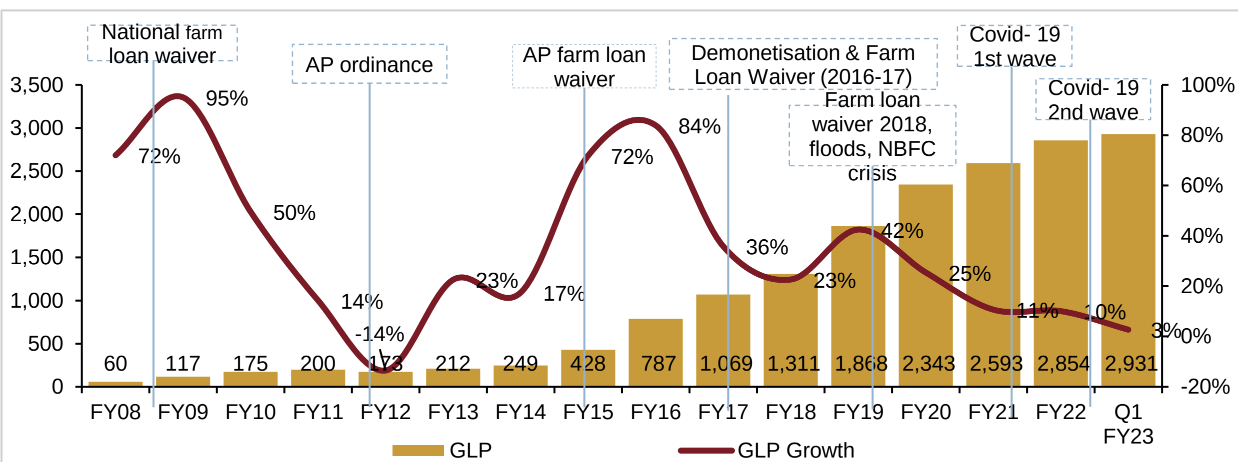
MFI industry gross loan portfolio has increased almost 14 times in the last 12 years or has grown at a robust 26% CAGR between the financial years 2010 and 2022 regardless of various headwinds in the past decade – national farm loan waivers (2008, 2017 and 2018), the Andhra Pradesh crisis (2010), Andhra Pradesh farm loan waiver (2014), demonetisation (2016), NBFC liquidity crisis (FY2019) and COVID-19 pandemic (FY2021).

While demonetisation of ₹500 and ₹1,000 denomination banknotes in November 2016 hurt the industry, the impact was not as serious as the Andhra Pradesh crisis as the industry still reported strong growth of 36% in the financial year 2017. Portfolio at risk (PAR) data as of September 2018 indicates that the industry has recovered fairly strongly from the aftermath of demonetisation.

Liquidity has been one of the biggest challenges faced by financial institutions in India over the last few years. NBFC-MFIs, in particular, have been adversely affected by the demonetization of banknotes in 2016, the ILFS crisis in mid-September 2018, and more recently, the ongoing global COVID-19 pandemic, which adversely affected funding access for various NBFCs.

NBFC-MFIs faced initial hiccups at the start of the financial year 2021 due to the COVID-19 pandemic on account of uncertainty over collections and aversion by lenders to extend further funding to them; however, the situation improved gradually and most NBFC-MFIs, with the exception of a few, were able to improve the liquidity buffers during the course of the year by raising funds and support from various government schemes. While the resurgence of COVID-19 pandemic again led to a fresh bout of uncertainty in respect of collections in first quarter of the financial year 2022, the impact was not as pronounced as in the early part of the previous financial year. The industry gradually rebounded in the financial year 2022 and is expected to grow at healthy pace over the next few years as well, given the low penetration of credit amongst the target population.

MFI industry has shown resilience over the past decade



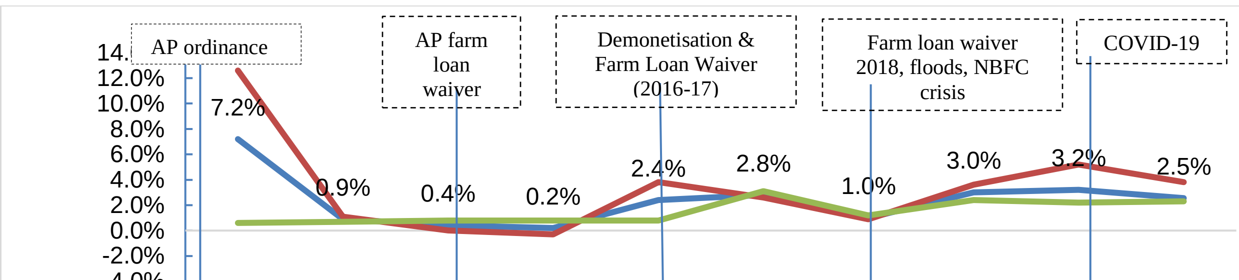
Source: MFIN, CRISIL Research

Note: Data includes data for banks lending through JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks lending through SHG. The amounts are as of the end of the financial year. (N =211 for Q1FY23; N=202 for FY22; N= 188 for FY21; N = Number of entities).

The microfinance industry's GLP grew at 25% CAGR between the financial years 2017 and 2021, despite various setbacks. The demand for microfinance products and services has increased due to improving awareness and reach leading to increased volumes, as well as rise in inflation and higher number of borrowers in higher loan cycles driving higher ticket sizes. In the financial year 2022, the overall GLP of MFI Industry grew by 10% on-year.

Over the years, MFIs have proven their resilience. They have played an important role in promoting inclusive growth by providing credit to borrowers at the bottom of the economic pyramid. Despite catering to a vulnerable audience, the MFIs have historically proven their ability to recover effectively from crisis situations like that of demonetization within a few months and have been able to maintain profitability over a cycle. Amidst the COVID-19 pandemic, MFIs have bolstered their capital position by raising fresh equity capital. The ability of these entities to raise capital, even in such uncertain time, can be attributed to the latent growth potential of the sector, ability of the industry to wade through periods of crisis by taking proactive steps, social impact of MFI lending and healthy profitability over business cycles. Furthermore, MFI lending is closely regulated by RBI and over the years, the regulator has come out various regulations to enable long-term sustainable growth in the sector and reduce systemic risks.

Credit costs for microfinance industry across various events



	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E
Overall	7.2%	0.9%	0.4%	0.2%	2.4%	2.8%	1.0%	3.0%	3.2%	2.5%
MFIs	12.6%	1.1%	0.0%	-0.3%	3.8%	2.6%	0.9%	3.6%	5.2%	3.8%
SFBs	0.6%	0.7%	0.8%	0.8%	0.8%	3.1%	1.2%	2.4%	2.2%	2.3%

Source: Company Reports, CRISIL Research

Note: E: Estimated, Data includes data for 12 MFIs (includes NBFC MFIs) & 8 SFBs which constitute more than 80% of Industry. Jana SFB, North East SFB and Shivalik SFB has been excluded from analysis

Demonetisation (2016)

On November 8, 2016, the Indian Government announced the demonetisation of ₹500 and ₹1,000 notes. This shook the industry, as approximately 86% of the currency in value terms (₹500 and ₹1,000 notes) was removed from circulation while replacement of currency (with ₹100 and ₹2,000 notes) by the central bank was sluggish. As a consequence, GLP of the MFI industry, which grew at approximately 70% in the first half of the financial year 2017, suddenly slumped to 22% by the end of the year. Disbursements were worst hit, down 29% in the second half compared with 60% growth in the first half.

Demonetisation affected asset quality, as PAR>90 days for the industry jumped to 5.9% as of March 2017 compared with 1.3% as of March 2016. Amongst various states, asset quality worsened especially in Uttar Pradesh, Maharashtra, Karnataka, and Madhya Pradesh. However, in these states as well, the deterioration in asset quality was largely on account of a few districts.

NBFC liquidity crisis (2018)

Liquidity has been one of the biggest challenges faced by finance institutions in India over the last few years. With tight liquidity in debt capital market and lower appetite from mutual funds, bank borrowings are the key fund-raising avenue for non-banks. The lenders who relied on NBFCs for funding slowed down disbursement and started looking at different avenues to raise money. However, the impact of the crisis was not that profound as large NBFC-MFIs had a diversified funding mix and were able to leverage this to their advantage.

For the financial year 2020, the fall in interest rates would be offset by higher spreads for NBFCs. The transmission of rate cut from banks happens with a lag. The cost of borrowing for mid-sized and small players and players with riskier exposure should remain high. However, select large players may witness a slight moderation in their borrowing cost. CRISIL Research expects the cost of funds for NBFC-MFIs to remain high in the financial year 2021 and is expected to come down in the financial year 2022.

Assam's recent bill on micro finance and its impact

Asset quality of the Assam region has been deteriorating since the third quarter of the financial year 2020 owing to the political intervention which affected collection efficiency and recoveries, PAR 90+ had increased to 6% in the financial year 2020 from 1% in the financial year 2019. Within the financial year 2021, PAR 90+ increased to 27% in March 2021 from 6% in March 2020. Similarly, West Bengal asset quality has worsened to 14% in March 2021 from 2% in March 2020 due expected loan waiver promise in the state election.

Subsequently, the Assam Government, in December 30, 2020 unanimously passed The Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020 to protect borrower interest from micro finance institutions and money lenders. The bill will turn into a law once the Governor signs it. The key points covered in the regulations are:

- The loan outstanding amount per borrower is limited to ₹1.25 lacs. However, for casual/permanent tea plantation workers, the total borrower leverage is capped at between ₹30,000 - ₹50,000 depending on other sources of income of the borrower

- Not more than two lenders are allowed per borrower

- Representative of financial institutions and collection agents are not allowed to visit borrowers' home for collections; however, they are allowed to visit in office and public places

- Moratorium on interest payment may be extended for minimum 3 months during floods/natural calamities

NBFC-MFI - Regulation guidelines

Potential harmonization of regulations for MFI lending

The RBI, in February 2021, outlined that there is a need to harmonise regulations governing the MFI lending industry and therefore, it is relooking at the current regulatory framework. A potential harmonisation of regulations for MFI lending can have a positive impact on NBFC-MFIs as banks and SFBs will also be governed by same regulations hence eliminating the competitive edge they have currently. The key proposals include (i) common definition of microfinance loans for all regulated entities, (ii) a board approved policy for household income assessment, (iii) capping the outflow on account of repayment of loan obligations of a household to 50% of the household income, (iv) greater flexibility of repayment frequency for all microfinance loans, (v) no pre-payment penalty and no requirement of collateral, (vi) introduction of a standard simplified fact sheet on pricing of microfinance loans for better transparency, (vii) alignment of pricing guidelines for NBFC-MFIs with guidelines for NBFCs, and (viii) withdrawal of guidelines presently applicable to only NBFC-MFIs, including withdrawal of two-lender norm for lending by NBFC-MFIs and withdrawal of all pricing related instructions applicable to NBFC-MFIs.

The new regulatory regime for microfinance loans levels the playing field and benefits NBFC-MFIs

The RBI, in its master directions on microfinance loans released in March 2022, has removed the interest rate cap applicable on loans extended by NBFC-MFIs. Entities providing microfinance loans will have to put in place a board-approved policy for the pricing of loans. The policy should include the interest rate model, range of spread of each component for categories of borrowers and a ceiling on the interest rate and all other charges on microfinance loans.

The RBI's move levels the playing field, with both NBFC-MFIs and banks or SFBs providing microfinance loans now being subject to the same rules, which was not the case under the previous regime. This move is expected to positively impact NBFC-MFIs. The increase in the annual household income cap for microfinance borrowers (to ₹300,000 in both urban and rural areas), removal of the two-lender norm for lending by NBFC-MFIs and allowing

NBFC-MFIs greater flexibility to offer non-MFI loans (MFI loans are required to account for at least 75% of total assets of NBFC-MFIs under the new regulations) would increase the market opportunity available to MFIs and enable them to create a more balanced portfolio. Conversely, the increase in annual household income threshold could increase the maximum permissible indebtedness limit of borrowers from the previous level of ₹125,000. While the limit on the loan repayment obligation would act as a safeguard against excessive leveraging, the increased permissible debt limit and possibility of divergences in household income assessment criteria across lenders still pose risks. Proper data infrastructure would be required to analyse and estimate household incomes, especially in rural areas. Subsequent to RBI's revised regulations for MFI loans, effective April 1, 2022, some MFIs have increased interest rates for borrowers, especially for those who are credit-untested.

CRISIL Research expects the rates to slowly settle down as MFIs begin to adapt to the new regime and put in place processes for household income, leverage and risk capture, given the new guidelines. Competitive forces would prevent a substantial spurt in rates for MFI customers, especially for those with a good repayment track record and credit behaviour.

Area of regulation	**Existing regulations**		**Revised regulations (effective from April 1, 2022)**
	For NBFC-MFIs	**For Banks and SFBs**	**For all Regulated Entities***
Loan pricing	Margin cap at 10% for large MFIs (loan portfolios > ₹1 billion); 12% for small MFIs (loan portfolios < ₹1 billion)	No restrictions for Banks and SFBs	No pricing cap. Underwriting of loans to be done on a risk-based analysis, and a risk premium to be charged based on the borrower. Board-approved policy for pricing of loans to be put in place. The policy should include the interest rate model, range of spread of each component for categories of borrowers and ceiling on the interest rate and all other charges on MFI loans.
Processing fees	Not more than 1% of gross loan amount		
Qualifying criteria	85% loans unsecured	Have to meet the target set for priority sector loans	The minimum requirement of microfinance loans for NBFC-MFIs has been revised to 75% of an NBFC-MFI's total assets. The maximum limit on microfinance loans for NBFCs other than NBFC-MFIs has been revised to 25% of the total assets from 10% previously.
Household income	Rural areas: ₹125,000 per annum Urban areas: ₹200,000 per annum	No restrictions for Banks and SFBs	Annual household income: Up to ₹ 300,000 in urban as well as rural areas (This amount is higher than what was stated in the consultation paper issued in June 2021 – up to ₹ 125,000 for rural areas and ₹ 200,000 for urban and semi-urban areas) Board-approved policy for assessment of household income
Ticket size of loans	₹75,000 in the first cycle and ₹125,000 in the subsequent cycles		
Tenure of loans	Not to be less than 24 months for loan amount in excess of Rs. 30,000		
Lending to the same borrower	Not more than 2 lenders allowed per borrower	More than 2 banks can lend to same borrower	Limit on maximum loan repayment obligation of a household towards all loans: 50% of monthly household income
Overall borrower indebtedness	Should not exceed ₹125,000	No restrictions for banks and SFBs	

Note: regulated entities include all Commercial Banks (including Small Finance Banks, Local Area Banks, and Regional Rural Banks), excluding Payments Banks; all Primary (Urban) Co-operative Banks, State Co-operative Banks and District Central Co-operative Banks; and all NBFCs (including MFIs and Housing Finance Companies)

Source: RBI, CRISIL Research

The revised regulation is likely to level the playing field, with the same set of rules for all industry player categories, including banks and SFBs. The key positives for NBFC-MFIs include:

- Increased market opportunity and retention of more existing customers, resulting from the increase in annual household income threshold for lending by NBFC-MFIs.

- The EMI cap with no lender limit is likely to help in mitigating the risk of client over-indebtedness and realizing full borrowing capacity of the borrower while capping risk, as incremental or small ticket size loans can also be provided to existing MFI borrowers. It will also bring in much-needed balance across the sector and help improve overall portfolio quality serviceability.

- Greater flexibility in terms of pricing due to the removal of the interest rate cap. Removal of pricing caps is especially positive as it is expected to build operating buffers, resulting in lower credit costs. Further, NBFC-MFIs can now adopt risk-based pricing for different categories of customers based on customer vintages and track records.

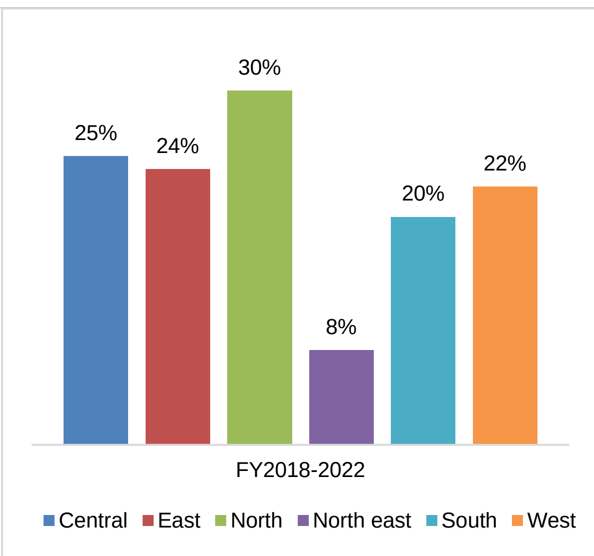
- Reduction in the minimum requirement of microfinance loans as a percentage of total loans to qualify as an NBFC-MFI from 85% to 75% allows NBFC-MFIs to target higher-quality borrowers, develop diversified portfolios and build capabilities in other loan products, which can reduce the cyclicality and volatility in their balance sheet.

Region and State Wise Analysis

North region reported the fastest growth during the financial year 2018-2022

North region reported the highest growth of 30% CAGR during the financial year 2018-2022, followed by Central and Eastern Region. The Eastern region market remained highest at 32% in the financial year 2022. Western region and central region witnessed a decline in their market share during the same period. Despite the North region reported highest growth at CAGR 30% during the financial years 2018-2022, however, its market share in overall GLP remained low at 8% in the financial year 2022.

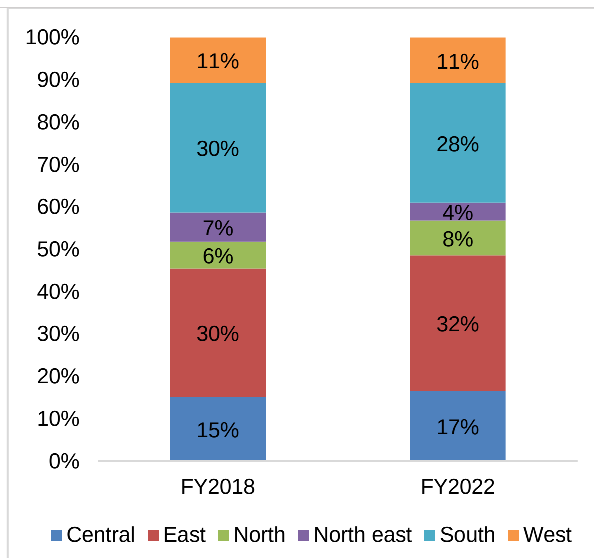
Region-wise CAGR between FY2018 and FY2022



Source: Equifax, CRISIL Research

Note: Data includes data for banks' lending through JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks' lending through SHG. The amounts are as of the end of the financial year

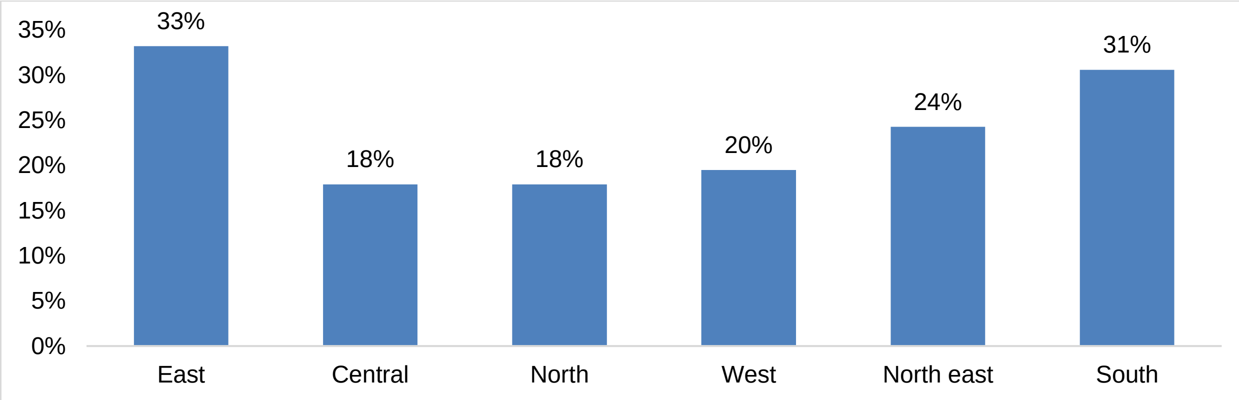
Region-wise distribution of MFI loans portfolio



Source: Equifax, CRISIL Research

Note: Data includes data for banks' lending through JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks' lending through SHG.

North, west and central region have huge potential for growth given low penetration (March 2022)

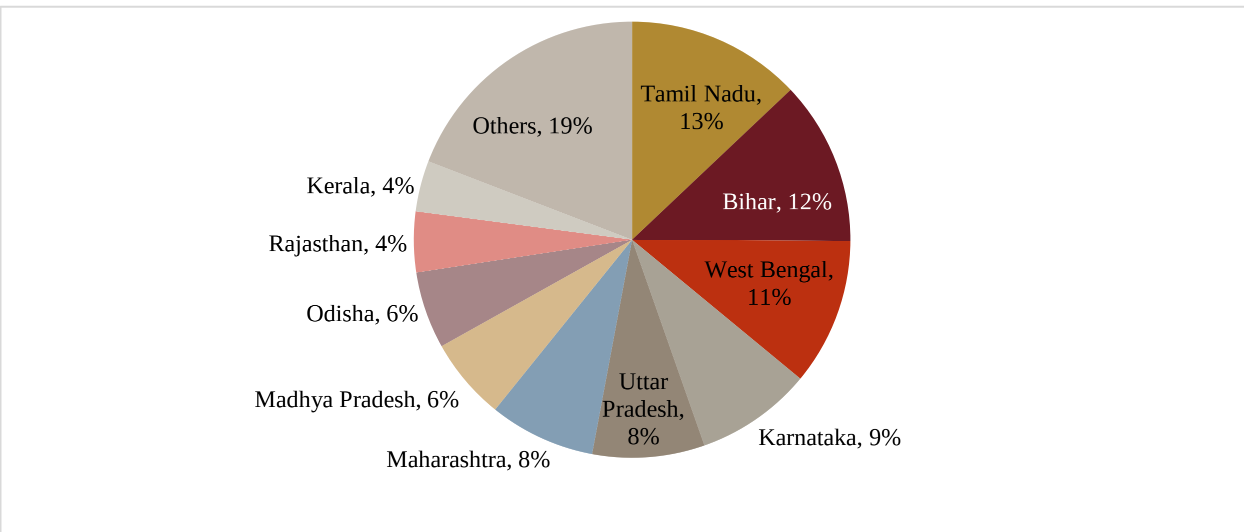


Source: MFIN, CRISIL Research

Note: Penetration has been computed by dividing number of unique active MFI borrowers by estimated number of households in the respective year.

Top 10 States Contribute Over 81% Of MFI Loans

State-wise distribution of MFI loans portfolio o/s (as of June 2022)



Source: Equifax, CRISIL Research

Note: Data includes data for banks' lending through JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks' lending through SHG.

State-wise distribution of MFI loans disbursement

(₹ in billions)	FY18	FY19	FY20	FY21	FY22	Q1FY23	FY22 growth (y-o-y)	CAGR (FY20-22)
Bihar	56	100	95	65	105	35	62%	5%
Odisha	68	89	65	46	67	25	46%	2%
Maharashtra	56	76	72	49	65	13	33%	(5)%
Tamil Nadu	29	54	77	59	96	23	63%	12%
West Bengal	38	83	63	36	48	18	33%	(13)%
Kerala	24	28	86	13	21	5	62%	(51)%
Uttar Pradesh	45	68	60	44	74	25	68%	11%
Madhya Pradesh	39	51	62	53	59	15	11%	(2)%

(₹ in billions)	FY18	FY19	FY20	FY21	FY22	Q1FY23	FY22 growth (y-o-y)	CAGR (FY20-22)
Karnataka	43	102	20	76	91	19	20%	113%
Rajasthan	20	41	30	25	42	12	68%	18%
Chhattisgarh	26	19	21	16	17	4	6%	(10)%
Assam	10	28	24	7	5	2	(29)%	(54)%
Jharkhand	18	26	12	10	24	8	140%	41%
Punjab	10	20	22	12	18	5	50%	(10)%
Haryana	50	14	1	10	16	4	60%	300%
Gujarat	9	14	16	12	21	7	75%	15%
Uttarakhand	6	3	4	8	6	1	(25)%	22%
Meghalaya	0	0	0	0	0	0	NM	NM

Note: NM – Not Meaningful, Source: MFIN, CRISIL Research

Underpenetrated States to Drive Growth for MFI in the Coming Years

CRISIL Research expects growth in the MFI portfolio to come from states that have a relatively lower penetration. Thus, CRISIL Research expects underpenetrated states like Uttar Pradesh, Gujarat Uttarakhand and Manipur to drive future growth along with some of the moderately penetrated states, such as Rajasthan, Maharashtra and Madhya Pradesh.

	Underpenetrated states (up to 17%)
	Moderately penetrated states (17-36%)
	Highly penetrated states (>36%)
	Not considered for analysis

Source: MFIN, CRISIL Research

Notes:

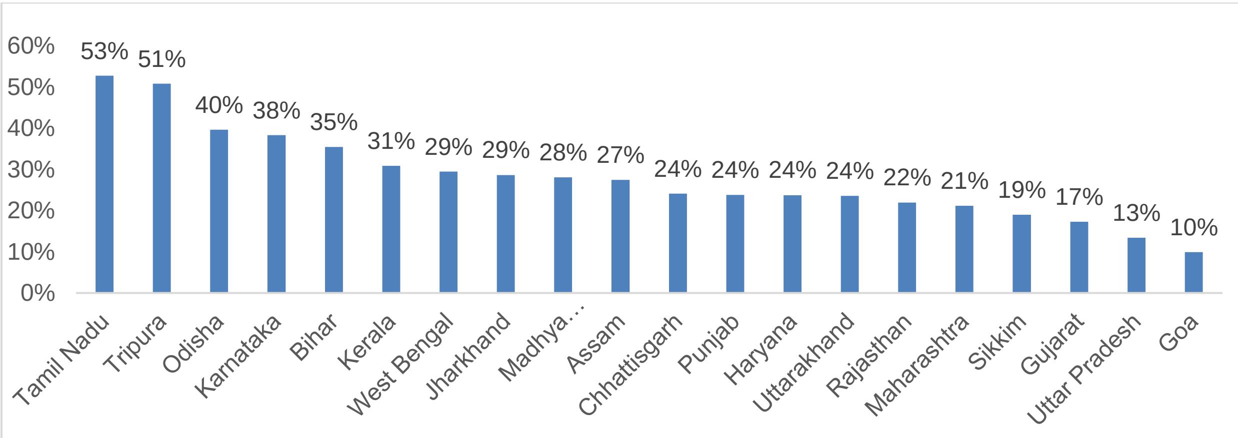
(1) Penetration has been computed by dividing number of unique active MFI borrowers by estimated number of households in March 2022

(2) Pan-India penetration has been determined based on the analysis of 20 states.

(3) Data includes data for banks' lending through JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks' lending through SHG. The amounts are as of the end of the financial year.

(4) Jammu & Kashmir includes Jammu, Kashmir and Ladakh

<u>Uttar Pradesh, Uttarakhand, Manipur, Gujarat, Maharashtra and Rajasthan have huge potential for growth and customer expansion</u>



Source: MFIN, CRISIL Research

Note: Penetration has been computed by dividing number of unique active MFI borrowers by estimated number of households in the respective year.

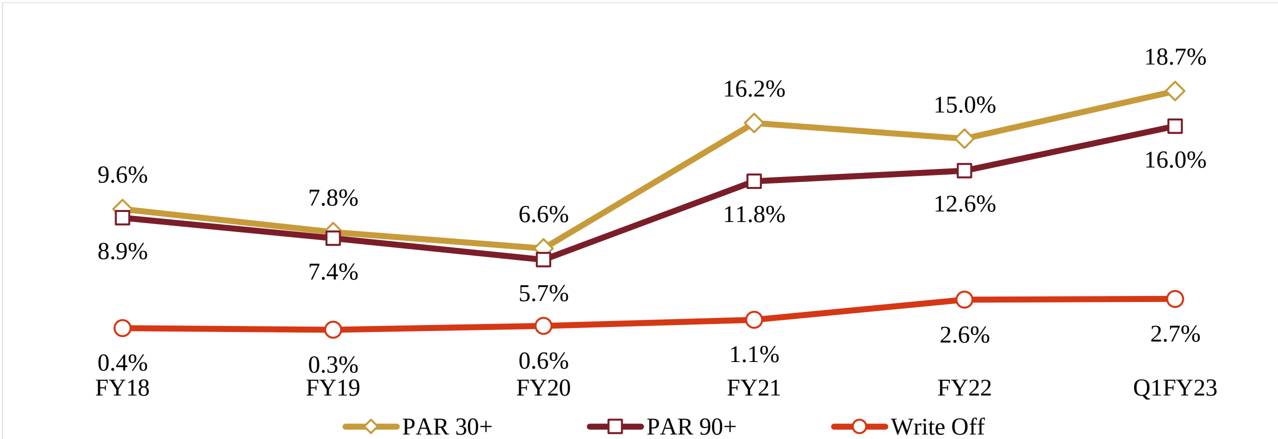
Asset Quality

Portfolio at risk (PAR), the primary indicator of risk for the sector, equals the percentage of loans overdue.

In the financial year 2021, the asset quality of the industry deteriorated quite sharply, reflecting the adverse impact of COVID-19 on the industry. The PAR>30 and PAR>90 for the industry shot up to 16.2% and 11.8%, respectively, as of March 2021. While portfolio quality has deteriorated across the board for rural, semi-urban and urban areas in the financial year 2021, closer analysis of long-term cycles indicates that asset quality tends to be much better in rural areas as compared to urban and semi-urban areas owing to strong farm income, good monsoon and resilience observed in the rural economy. Among peer groups, NBFC-MFIs asset quality has improved to 5.1% in the financial year 2020 from 8.8% in the financial year 2018, but increased to 11.7% in March 2022.

In the financial year 2022, the asset quality improved on account of higher collections and opening of economy. In the first quarter of the financial year 2023, PAR>30 and PAR>90 for the industry deteriorated to 18.7% and 16.0% respectively, up from 15.0% and 12.6% at end of March 2022. This could be attributed to slippages from the restructured book for various MFI players. CRISIL believes that going forward, timely recoveries and controlling incremental slippages would be critical for the MFIs to keep their asset quality under check.

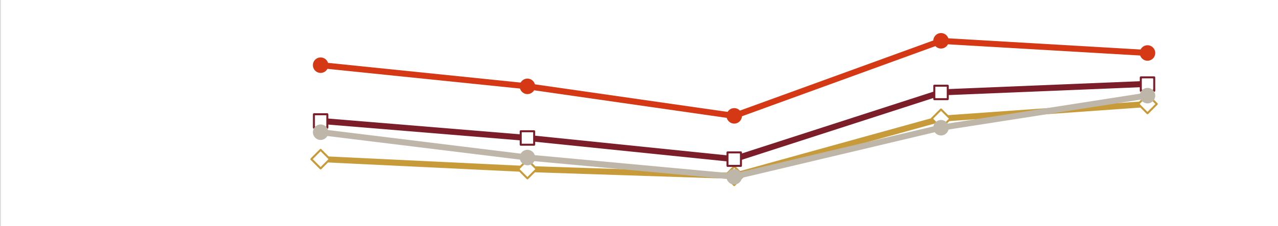
Asset quality trend over the years



Source: Equifax, CRISIL Research

Note: PAR 30+ and PAR 90+ include delinquency beyond 180 days of MFI industry.

Asset quality of rural region is better than urban and semi urban region in the FY 2022 (PAR 90+)

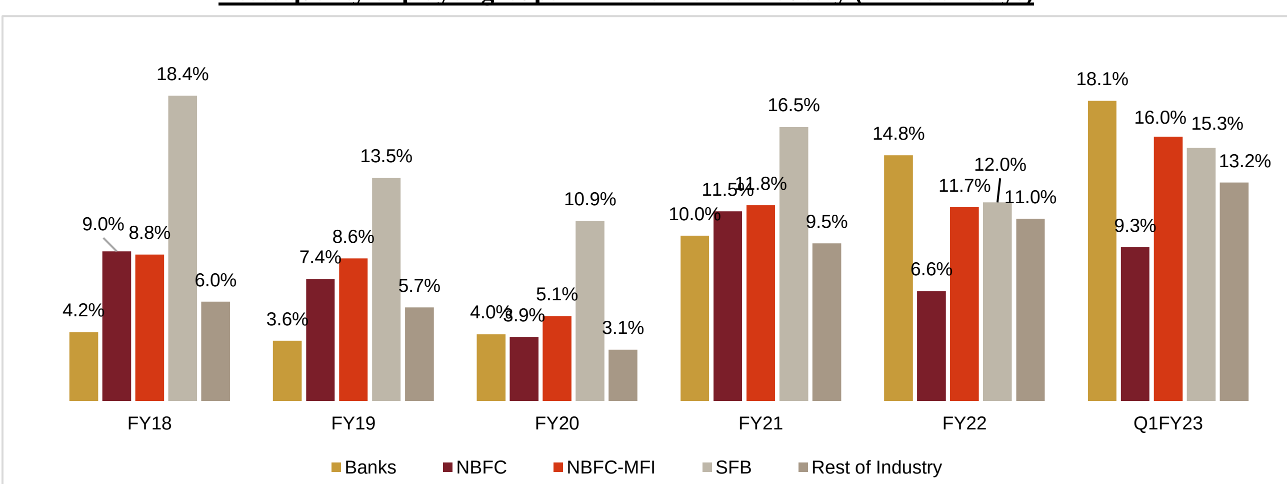


	FY18	FY19	FY20	FY21	FY22
Rural	5.9%	4.9%	4.3%	9.7%	11.2%
Semi Urban	9.5%	7.9%	5.9%	12.3%	13.1%
Urban	14.9%	12.8%	10.0%	17.2%	16.1%
Others	8.5%	6.0%	4.2%	8.9%	12.0%

Source: Equifax, CRISIL Research

Note: PAR 90+ includes delinquency beyond 180 days of MFI industry.

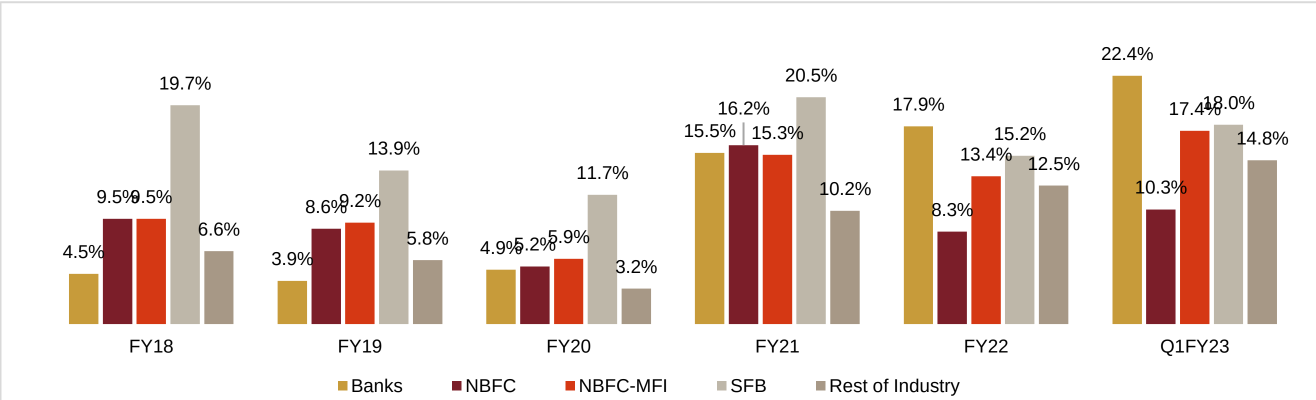
Asset quality of player groups in microfinance industry (PAR 90+ days)



Source: Equifax, CRISIL Research

Note: PAR 90+ includes delinquency beyond 180 days of MFI industry.

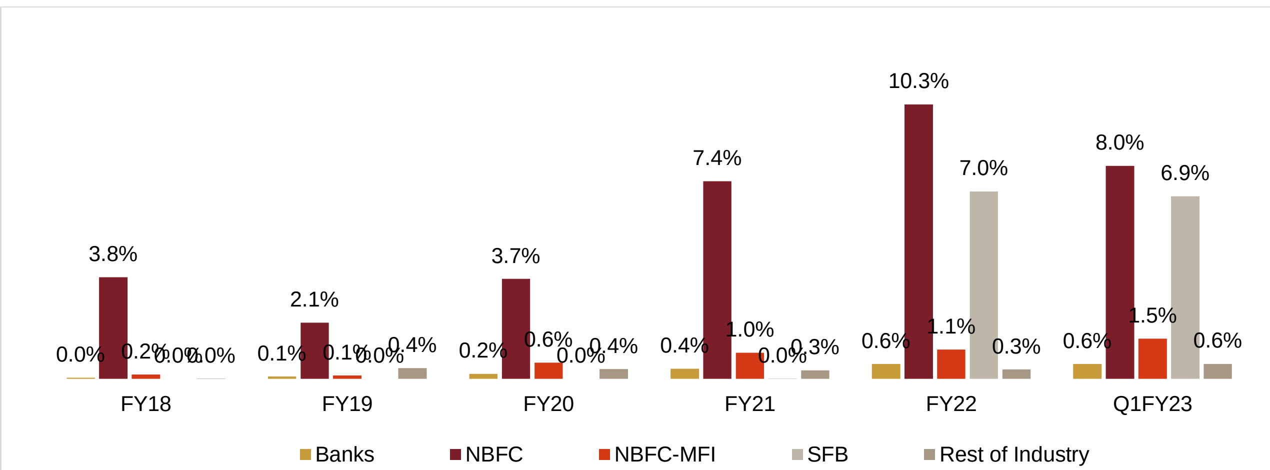
Asset quality of player groups in microfinance industry (PAR 30+ days)



Source: Equifax, CRISIL Research

Note: PAR 30+ includes delinquency beyond 180 days of MFI industry.

NBFC had higher write-off among peer groups



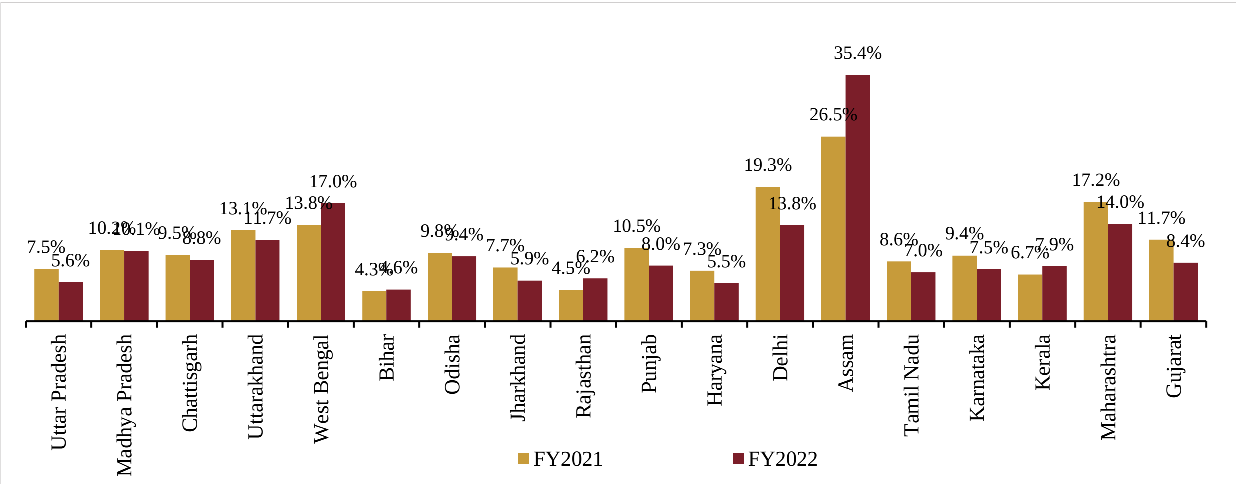
Source: Equifax, CRISIL Research

In the financial year 2022, CRISIL Research expects MFI asset quality to remain weak, on account of strain on MFI borrowers' earning capabilities. Players are expected to closely monitor the book post moratorium; some part of the credit costs will be carried to the financial year 2022.

Asset Quality has Weakened Across States in the FY2022

Asset quality has worsened across states due to COVID-19 pandemic. Assam has seen a sharp deterioration in asset quality with the PAR 90+ increased by 35.4% in March 2022. West Bengal is another other major state whose PAR 90+ has increased by more than 4-5 percentage points in the last 12 months. Bihar is one of the states which has exhibited best asset quality at end of March 2022. Overall, asset quality is relatively better for the north, central and east region compared to other regions in the financial year 2021.

State-wise asset quality of top states



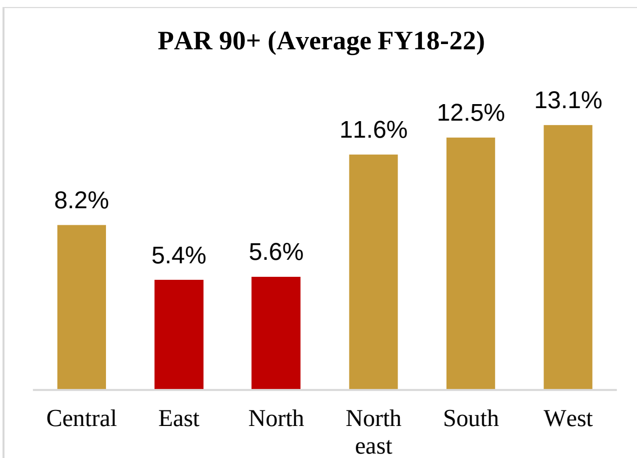
Source: Equifax, CRISIL Research

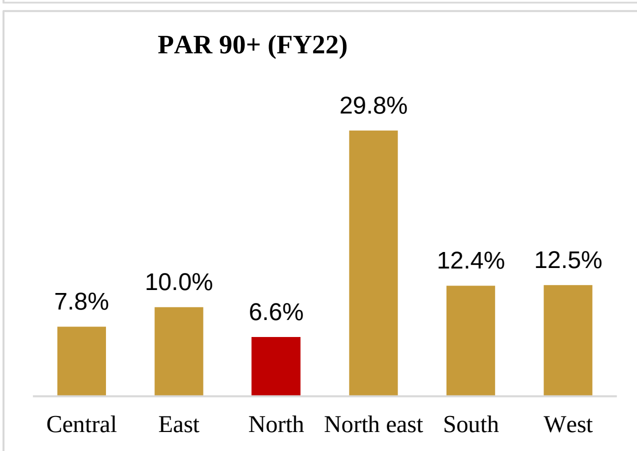
Notes:

(1) *Data includes data for banks lending through JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks lending through SHG. The amounts are as of the end of the financial year.*

(2) *PAR 90+ includes delinquency beyond 180 days.*

Northern region has better asset quality compared to other regions in the FY 2022





Source: Equifax, CRISIL Research

Notes:

(1) Data includes data for banks lending through JLGs, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks lending through SHG. The amounts are as of the end of the financial year.

(2) PAR 90+ includes delinquency beyond 180 days.

NBFC MFI Collection Efficiency reached 95-98% in the Q4FY2022

Collections of microfinance institutions (MFIs), which had plunged to near zero in April 2020 because of the nationwide lockdown due to the COVID-19 pandemic, rebounded to 80-85% in September 2020, with restrictions being lifted gradually. In December 2020, collection efficiency for the industry as a whole rebounded further to 90-93%, as per CRISIL Research estimates.

The medical impact of the second wave of the pandemic was much worse than the first wave; the impact was seen across rural and urban areas, unlike the first wave impact which was largely urban centric. Southern states witnessed a sharper fall in collections as compared to other states in May 2021, as the lifting of lockdowns was delayed till June, whereas northern states were impacted largely in April. Ground-level infrastructural and operational challenges, as well as restrictions on movement of people, impinged on the MFI sector's collection efficiency

In the financial year 2022, NBFC-MFIs saw their disbursements surpass pre-Covid levels in the second half. With decline in cases and collections improved, players saw significant uptick in collection efficiency on sequential basis. As per CRISIL Research, overall collection efficiency witnessed a swift recovery from 80-85% in June 2021 and reached pre-pandemic level of 95-98% in March 2022 as the economic activity picked up pace. With collection efficiency being back to pre-covid levels, asset quality is expected to further improve in the financial year 2023.

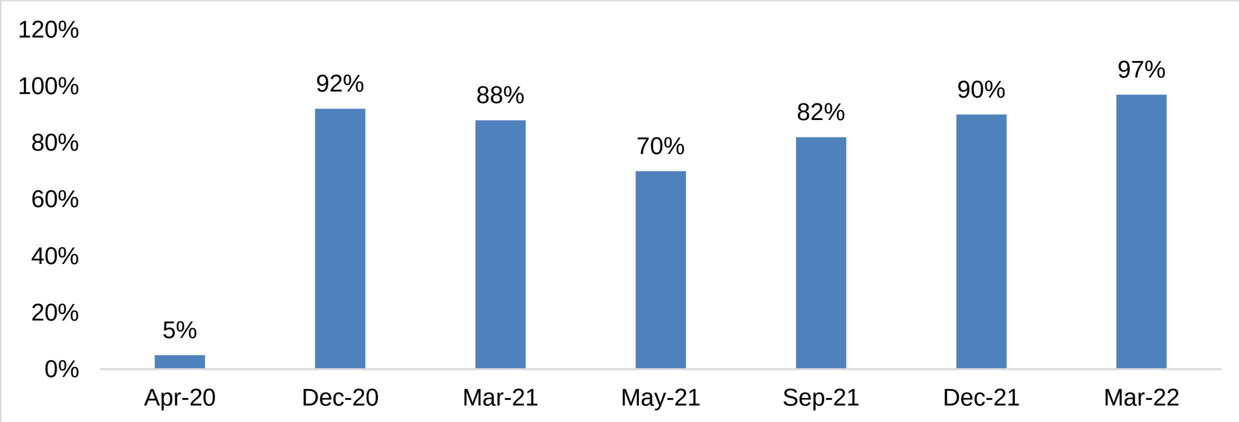
Significant reduction in stressed assets of NBFC MFIs, but still above pre-pandemic levels

Stressed assets of NBFC-MFIs comprising of 30+ portfolio at risk (PAR), and loan book under restructuring are estimated to have declined a significant 800 basis points to approximately 14% as of March 2022, after peaking to approximately 22% in September 2021. However, it remains above the pre-pandemic level of 30+ PAR at approximately 3%.

The reduction in stressed assets, along with improved collection efficiencies mark a recovery in the asset quality of NBFC-MFIs, supported by economic revival, limited impact of the omicron variant, and acclimatisation to the post pandemic environment. The newly originated book (loans disbursed after July 2021) of NBFC-MFIs has demonstrated a steady performance, with 30+ PAR estimated at 1-2%.

Going forward, the trend in the restructured book would need close monitoring to assess incremental slippages. The microfinance sector restructured around 10% of its loan book under the Resolution framework 2.0 announced by the RBI in the wake of the second COVID-19 pandemic wave. As of May 2022, collection efficiency for the restructured book, billing for which began in the fourth quarter of the financial year 2022, was in the range of 60-70%.

Collection Efficiency trend of NBFC MFI



Note: The Collection Efficiency numbers are Estimated, Source: CRISIL Research

Monthly collection efficiency trend for MFIs

Book under moratorium (Aug 2020)	Apr-20	May-20	Jun-20	Sep-20	Dec-20	Mar-21	Apr-21	May-21	Sept-21	Dec-21	Mar-22
50-60%	<10%	<45%	45-65%	80-85%	90-93%	87-90%	83-88%	70-80%	~82%	~90%	~97%

Source: CRISIL Research

Notes:

(1) Collection efficiency numbers are estimated.

(2) Monthly collection efficiency = {Current + Overdue collections (excluding prepayments)} / Scheduled billing assuming no moratorium.

Anticipating the challenges due to COVID-19, in addition to the standard provisioning, many MFIs & SFBs have made special COVID-19 provisions in the financial year 2020 and 2021. The aggregate special provision accounts for 3-4% of the loan book. That is significantly lower than the credit losses seen during demonetisation, which was in the 3-13% range.

Profitability set to see moderation in the medium term

In the financial year 2021 and 2022, the cost of borrowings has remained stable despite stress of the pandemic. However, with an increase in repo rates in the financial year 2023, the cost of borrowings for MFIs are expected to increase, which is likely to be offset by steeper lending rates, thereby cushioning NIMs. Further, enhanced flexibility to set lending rates will be one of the drivers supporting a revival in the profitability of microfinance institutions in financial year 2023. This emanates from the Reserve Bank of India's (RBI) removal of the interest margin cap on lending rate under its new regulatory framework for microfinanciers.

Over the course of the financial years 2021 and 2022, annual credit costs for microfinance industry have shot up to 4-5% because of pandemic-related provisioning However, most MFIs increased provisioning levels to fortify their balance sheets against asset quality risks. Going forward, CRISIL expect the credit costs to decrease gradually in the financial years 2023 and 2024, thereby augmenting profitability of the sector. In this context, the new RBI framework augurs well for MFIs owing to higher income eligibility threshold and enhanced flexibility to price loans, which is likely to aid industry.

Profitability of microfinance industry to improve in the financial year 2023

RoA tree	FY18	FY19	FY20	FY21	FY22E	FY23P
Interest income	17.7%	19.1%	18.4%	17.5%	17.3%	18.0%
Interest expense	8.6%	8.4%	7.7%	7.7%	7.7%	8.3%
Net interest income	9.1%	10.6%	10.7%	9.8%	9.6%	9.7%

RoA tree	FY18	FY19	FY20	FY21	FY22E	FY23P
Opex	5.3%	5.5%	5.4%	5.1%	5.1%	5.4%
Other income	1.2%	2.0%	2.5%	1.2%	1.5%	1.9%
PPOP	5.0%	7.1%	7.8%	5.9%	6.0%	6.2%
Credit cost	1.5%	1.0%	2.7%	5.0%	4.2%	3.0%
Tax	1.2%	2.1%	1.6%	0.2%	0.5%	1.0%
RoA	2.3%	4.1%	3.5%	0.7%	1.3%	2.2%

Source: CRISIL Research

Notes:

(1) Figures include data of NBFC-MFIs with market share of approximately 68% in total NBFC-MFI portfolio.
(2) Numbers are based on Ind AS.
(3) E: Estimated; P: Projected.

Peer Comparison

In this chapter, CRISIL Research has analysed operational performance and key financial indicators of top 10 microfinance NBFC players in terms of GLP and some SFBs and Bandhan Bank that have considerable loan portfolio towards microfinance segment.

Fusion Microfinance is the second largest NBFC-MFI at end of June 2022 and the third fastest growing NBFC-MFI among the top 10 NBFC-MFIs over FY2019-2022

Fusion Microfinance was the second largest NBFC-MFI in India in terms of GLP as at end of first quarter of the financial year 2023. Fusion Microfinance is one of the youngest players (in terms of getting NBFC-MFI licence) to reach amongst the top NBFC-MFIs in India in terms of AUM as of June 30, 2022. Among the considered NBFC-MFIs, Fusion Microfinance reported 3rd fastest GLP growth of 36% between the financial years 2019 and 2022 after Svatantra Microfin and Samasta Microfinance. Fusion Microfinance had the fourth fastest gross loan portfolio CAGR of 53.89% between the financial years 2017 and 2021 among the 10 largest NBFC-MFIs in India.

Among Banks and SFBs, ESAF SFB reported the fastest growth of 36.78% between the financial years 2019 and 2022, it is followed by Fincare SFB and Bandhan Bank with a CAGR of 36.52% and 33%, respectively, over the same period. Among the top NBFC-MFIs, Fusion Microfinance reported 5th highest disbursement growth in the financial year 2022 and 3rd highest disbursement growth between the financial years 2019 and 2022.

<u>Comparison of key players in microfinance industry</u>

GLP *(₹ in billions)*	Market share*	GLP (FY19)	GLP (FY20)	GLP (FY21)	GLP (FY22)	GLP (Q1FY23)	GLP y-o-y growth (FY20)	GLP y-o-y growth (FY21)	GLP y-o-y growth (FY22)	GLP CAGR (FY19-FY22)
Top 10 NBFC-MFIs										
CreditAccess Grameen Ltd.	12.70%	71.60	99.00	113.40	137.30	129.90	38.20%	14.60%	21.10%	24.30%
Fusion Microfinance Pvt. Ltd.	**7.10%**	**26.40**	**36.60**	**46.40**	**66.50**	**72.30**	**38.50%**	**26.80%**	**43.50%**	**36.10%**
Asirvad Microfinance Ltd.	6.80%	38.40	55.00	59.90	70.00	70.10	43.30%	8.80%	17.00%	22.20%
Muthoot Microfin Ltd.	6.70%	43.50	49.30	49.80	65.70	68.60	13.30%	0.90%	32.00%	14.70%
Annapurna Finance Pvt. Ltd.	6.60%	30.20	40.10	48.00	65.50	67.70	32.80%	19.80%	36.30%	29.50%
Samasta Microfinance Ltd.	6.50%	22.90	34.00	47.40	64.80	66.90	48.70%	39.40%	36.90%	41.60%
Satin Creditcare Network Ltd.	6.20%	63.70	72.20	72.80	64.10	63.90	13.30%	0.80%	(11.90)%	0.20%
Svatantra Microfin Pvt. Ltd.	5.80%	12.30	26.00	35.60	54.50	59.00	111.20%	37.00%	52.80%	64.10%
Spandana Sphoorty Financial Ltd.	5.40%	43.70	68.30	81.40	61.50	55.20	56.20%	19.20%	(24.40)%	12.10%
Belstar Microfinance Ltd.	4.60%	18.41	23.59	32.99	43.65	46.96	28.14%	39.85%	32.31%	33.35%

GLP (₹ *in billions)*	Market share*	GLP (FY19)	GLP (FY20)	GLP (FY21)	GLP (FY22)	GLP (Q1FY23)	GLP y-o-y growth (FY20)	GLP y-o-y growth (FY21)	GLP y-o-y growth (FY22)	GLP CAGR (FY19-FY22)
Banks and SFBs^										
Bandhan Bank	NM	396.43	718.46	870.40	939.75	966.50	60.46%	21.15%	7.97%	33.34%
Equitas SFB	NM	115.95	153.67	179.25	193.74	NA	31.29%	16.65%	8.08%	18.66%
Ujjivan SFB	NM	110.49	141.53	151.40	163.03	194.09	28.09%	6.97%	7.68%	13.85%
Jana SFB	NM	62.17	112.99	116.12	130.07	136.82	73.30%	NM	12.01%	27.90%
ESAF SFB	NM	45.48	68.17	84.18	116.37	NA	48.62%	23.48%	38.24%	36.78%
Utkarsh SFB	NM	46.66	66.60	84.08	102.28	NA	42.74%	26.24%	21.65%	29.90%
Fincare SFB	NM	27.65	53.42	53.01	70.36	NA	51.42%	NM	32.73%	36.52%
Suryoday SFB	NM	27.12	37.10	42.06	47.51	51.32	23.54%	13.37%	12.96%	20.55%

Source: MFIN, Company reports, CRISIL Research

Notes:

(1) *NA – Not available; NM – Not meaningful*
(2) **Market share is based on June 2022 GLP of NBFC-MFIs, NBFC MFIs are arranged in order of June 2022 GLP*
(1) *^For SFBs, total loan advances have been considered as GLP*

Disbursement (₹ *in billions)*	FY19	FY20	FY21	FY22	Q1FY23	Growth y-o-y (FY19)	Growth y-o-y (FY20)	Growth y-o-y (FY21)	Growth y-o-y (FY22)
Top 10 NBFC-MFIs									
CreditAccess Grameen Ltd.	82.20	104.00	96.40	128.30	18.61	35.17%	26.51%	(7.30)%	33.11%
Fusion Microfinance Pvt. Ltd.	**28.21**	**36.00**	**36.80**	**60.58**	**19.48**	**63.22%**	**27.64%**	**2.11%**	**64.80%**
Asirvad Microfinance Ltd.	42.90	48.00	36.30	85.57	34.33	48.94%	12.02%	(24.33)%	135.60%
Muthoot Microfin Ltd.	45.60	41.00	25.80	46.69	13.27	50.10%	(10.03)%	(37.05)%	80.90%
Annapurna Finance Pvt. Ltd.	31.30	40.00	30.90	53.23	12.57	49.83%	27.67%	(22.85)%	72.49%
Samasta Microfinance Ltd.	24.20	31.00	37.00	57.10	14.50	156.96%	28.21%	19.19%	54.53%
Satin Creditcare Network Ltd.	62.50	80.00	44.00	40.31	15.54	31.01%	27.96%	(45.06)%	(8.28)%
Svatantra Microfin Pvt. Ltd.	11.32	25.00	24.10	47.30	12.86	97.63%	120.77%	(3.44)%	95.94%
Spandana Sphoorty Financial Ltd.	49.70	80.00	64.30	31.42	12.20	28.80%	61.00%	(19.68)%	(51.10)%
Belstar Microfinance Ltd.	17.97	26.19	24.35	35.46	11.10	40.28%	45.74%	(7.03)%	45.63%

Source: MFIN, Company reports, CRISIL Research

Note: NA – Not available; NM – Not meaningful

Fusion Microfinance Posted the 3rd Highest Clientele Growth in the FY2022 Among the top 10 NBFC-MFIs

Fusion Microfinance reported the 3rd fastest clientele growth of 27.36% in the financial year 2022 among the top NBFC-MFIs. Fusion Microfinance posted the 4th fastest clientele growth of 20.32% between the financial years 2019 and 2022 among the top NBFC-MFIs. Svatantra Microfin and Belstar Microfinance witnessed a stronger clientele growth of 42.30% and 38.33% between financial year 2019-2022.

	Clients (in millions)					Clients' growth					
Client outreach	**FY19**	**FY20**	**FY21**	**FY22**	**Q1FY23**	**FY19**	**FY20**	**FY21**	**FY22**	**Q1FY23**	**CAGR (FY19-22)**
Top 10 NBFC MFI											
CreditAccess Grameen Ltd.	2.47	2.91	2.87	2.90	2.80	33.51%	17.61%	(1.17)%	1.05%	(3.45)%	5.50%
Fusion Microfinance Pvt. Ltd.	**1.55**	**1.86**	**2.12**	**2.70**	**2.90**	**51.96%**	**19.77%**	**14.20%**	**27.36%**	**7.41%**	**20.32%**
Asirvad Microfinance Ltd.	1.81	2.37	2.41	2.60	2.60	20.67%	30.94%	1.69%	7.88%	0.00%	12.83%
Muthoot Microfin Ltd.	1.59	1.88	1.86	2.10	2.20	31.40%	18.24%	(1.06)%	12.90%	4.76%	9.72%

	Clients (in millions)					Clients' growth					
Client outreach	FY19	FY20	FY21	FY22	Q1FY23	FY19	FY20	FY21	FY22	Q1FY23	CAGR (FY19-22)
Annapurna Finance Pvt. Ltd.	1.51	1.75	1.85	2.30	2.40	22.76%	15.89%	5.71%	24.32%	4.35%	15.06%
Samasta Microfinance Ltd.	1.01	1.54	1.62	1.80	2.30	146.34%	52.48%	5.19%	11.11%	27.78%	21.24%
Satin Creditcare Network Ltd.	3.15	3.08	2.66	2.50	2.40	31.25%	(2.22)%	(13.64)%	(6.02)%	(4.00)%	(7.41)%
Svatantra Microfin Pvt. Ltd.	0.59	1.01	1.29	1.70	1.80	110.71%	71.19%	27.72%	31.78%	5.88%	42.30%
Spandana Sphoorty Financial Ltd.	2.46	2.57	2.45	2.30	2.00	54.72%	4.47%	(4.86)%	(6.12)%	(13.04)%	(2.22)%
Belstar Microfinance Ltd.	0.68	1.20	1.38	1.80	1.80	36.00%	76.47%	15.00%	30.43%	0.00%	38.33%
Banks & SFBs											
Bandhan Bank	16.56	20.10	23.00	26.00	26.90	27.29%	21.38%	14.43%	13.04%	3.46%	16.23%
Equitas SFB	NA	2.42	3.90	5.68	NA	NM	NM	61.22%	45.64%	NM	NM
Ujjivan SFB	4.61	5.25	5.92	6.48	NA	19.12%	13.88%	12.76%	9.46%	NM	12.02%
Jana SFB	2.25	3.07	NA	NA	NA	(46.73)%	36.37%	NM	NM	NM	NM
ESAF SFB	3.28	4.07	NA	NA	NA	NM	24.40%	NM	NM	NM	NM
Utkarsh SFB	2.00	2.50	NA	3.00	NA	NM	24.99%	NM	NM	NM	14.47%
Fincare SFB	1.55	2.55	NA	3.20	NA	NM	64.52%	NM	NM	NM	27.33%
Suryoday SFB	1.15	1.46	NA	1.92	2.01	42.91%	26.75%	NM	NM	4.69%	18.63%

Source: MFIN, Company reports, CRISIL Research
Notes:
*(1) *For Bandhan Bank, Utkarsh SFB and ESAF SFB, microloan borrowers are considered as clients, for Fincare SFB and Suryoday SFB, overall customer base is considered as clients and for Ujjivan SFB, overall borrower base is considered as clients.*
(2) NA – Not available

Fusion Microfinance Ranks 1st in Clients per Branch Among the Top 10 NBFC-MFIs in the FY2021

Fusion Microfinance stood 1st among the top NBFC-MFIs in clients per branch in the first quarter of the financial year 2023 and the financial year 2022. It ranks 1st in clients per employee in the first quarter of the financial year 2023 and financial year 2022. In terms of clients per loan officer, it ranks 3rd in the financial year 2022 and the first quarter of financial year 2023. It ranks 4th in number of loans disbursed per loan officer at end of first quarter of financial year 2023.

Reach and efficiency parameters (Q1FY23)	No. of employee	No. of branches	Clients per employee	Clients per branch	Clients per loan officer	No. of loans disbursed per loan officer
Top 10 NBFC-MFIs						
CreditAccess Grameen Ltd.	12,032	1207	237	2,360	353	71
Fusion Microfinance Pvt. Ltd.	**9,351**	**928**	**309**	**3,116**	**479**	**72**
Asirvad Microfinance Ltd.	12,321	1,541	211	1,686	347	85
Muthoot Microfin Ltd.	8,461	957	257	2,271	434	91
Annapurna Finance Pvt. Ltd.	9,169	1076	258	2,198	403	41
Samasta Microfinance Ltd.	11,823	962	193	2,376	329	53
Satin Creditcare Network Ltd.	9,487	1,031	251	2,307	388	62
Svatantra Microfin Pvt. Ltd.	5,947	761	307	2,398	533	105
Spandana Sphoorty Financial Ltd.	7,939	1,046	253	1,920	345	52
Belstar Microfinance Ltd.	6,596	755	279	2,440	510	81

Source: MFIN, Company reports, CRISIL Research

Reach and efficiency parameters (FY22)	No. of employee	No. of branches	Clients per employee	Clients per branch	Clients per loan officer	No. of loans disbursed per loan officer
Top 10 NBFC-MFIs						
CreditAccess Grameen Ltd.	11,951	1164	244	2,510	354	414
Fusion Microfinance Pvt. Ltd.	**8,716**	**900**	**312**	**3,020**	**464**	**202**
Asirvad Microfinance Ltd.	12,581	1,525	205	1,688	343	292
Muthoot Microfin Ltd.	8,003	905	256	2,266	364	242
Annapurna Finance Pvt. Ltd.	8,606	984	269	2,353	399	228
Samasta Microfinance Ltd.	10,730	807	163	2,171	299	248
Satin Creditcare Network Ltd.	10,736	1,029	229	2,385	348	136
Svatantra Microfin Pvt. Ltd.	5,957	692	282	2,431	485	364
Spandana Sphoorty Financial Ltd.	8,379	1,049	271	2,168	366	112
Belstar Microfinance Ltd.	5,939	729	308	2,511	555	307

Source: MFIN, Company reports, CRISIL Research

Reach and efficiency parameters (FY21)	No. of employee	No. of branches	Clients per employee	Clients per branch	Clients per loan officer	No. of loans disbursed per loan officer
Top 10 NBFC-MFIs						
CreditAccess Grameen Ltd.	10,625	964	270	2,978	385	360
Fusion Microfinance Pvt. Ltd.	6,406	710	331	2,986	506	272
Asirvad Microfinance Ltd.	7,233	1,062	333	2,269	537	276
Muthoot Microfin Ltd.	6,961	755	267	2,464	402	164
Annapurna Finance Pvt. Ltd.	7,304	870	253	2,126	412	191
Samasta Microfinance Ltd.	6,835	618	237	2,621	399	268
Satin Creditcare Network Ltd.	10,612	1,011	251	2,631	404	202
Svatantra Microfin Pvt. Ltd.	4,613	512	280	2,520	523	267
Spandana Sphoorty Financial Ltd.	8,644	1,052	283	2,324	364	211
Belstar Microfinance Ltd.	4,562	649	303	2,127	656	336

Source: MFIN, Company reports, CRISIL Research

Reach and efficiency parameters (FY20)	No. of employee	No. of branches	Clients per employee	Clients per branch	Clients per loan officer	No. of loans disbursed per loan officer
Top 10 NBFC-MFIs						
CreditAccess Grameen Ltd.	10,824	929	268	3,127	376	673
Fusion Microfinance Pvt. Ltd.	5,490	591	338	3,141	525	339
Asirvad Microfinance Ltd.	6,206	1,042	382	2,274	710	632
Muthoot Microfin Ltd.	7,265	692	259	2,717	430	281
Annapurna Finance Pvt. Ltd.	5,953	718	294	2,437	493	321
Samasta Microfinance Ltd.	5,865	561	263	2,745	437	321
Satin Creditcare Network Ltd.	11,148	1,140	276	2,702	473	393
Svatantra Microfin Pvt. Ltd.	3,927	446	257	2,265	479	327
Spandana Sphoorty Financial Ltd.	8,224	1,010	313	2,545	421	382
Belstar Microfinance Ltd.	4,425	603	272	1,996	579	410
Banks and SFBs						
Bandhan Bank	39,750	4,559	506	4,409	NM	NM
Equitas SFB	16,104	854	150	2,833	NM	NM
Ujjivan SFB	17,841	575	294	9,130	NM	NM

Reach and efficiency parameters (FY20)	No. of employee	No. of branches	Clients per employee	Clients per branch	Clients per loan officer	No. of loans disbursed per loan officer
Jana SFB	16,212	585	189	5,249	NM	NM
ESAF SFB	3,337	454	1,221	8,974	NM	NM
Utkarsh SFB	8,831	507	283	4,931	NM	NM
Fincare SFB	7,363	711	346	3,586	NM	NM
Suryoday SFB	4,695	477	311	3,057	NM	NM

Source: MFIN, Company reports, CRISIL Research
Notes:
(1) For Bandhan Bank, Utkarsh SFB and ESAF SFB, microloan borrowers are considered as clients, for Equitas SFB, Fincare SFB and Suryoday SFB, overall customer base is considered as clients and for Ujjivan SFB, overall borrower base is considered as clients
(2) NM – Not meaningful

Fusion Microfinance has the Highest Share of Rural Clients Among the Top 10 NBFC-MFIs in the FY2022

Among the top NBFC-MFIs, Fusion Microfinance ranked 1st in terms of share of rural clients at 93% followed by Belstar Microfinance (90%), CreditAccess Grameen (84%) and Spandana Sphoorty (82%). Fusion Microfinance is ranked 4th among select NBFC-MFIs based on the presence in the number of states and 3rd based on the presence in number of districts in the financial year 2022.

Geographical presence of select players (Q1FY23)	No. of states	No. of districts
Top 10 NBFC-MFIs		
CreditAccess Grameen Ltd.	14	312
Fusion Microfinance Pvt. Ltd.	**18**	**368**
Asirvad Microfinance Ltd.	24	410
Muthoot Microfin Ltd.	16	294
Annapurna Finance Pvt. Ltd.	20	360
Samasta Microfinance Ltd.	17	303
Satin Creditcare Network Ltd.	23	373
Svatantra Microfin Pvt. Ltd.	19	326
Spandana Sphoorty Financial Ltd.	18	294
Belstar Microfinance Ltd.	18	187

Geographical presence of select players (FY22)	No. of states	No. of districts	Share of rural clients
Top 10 NBFC-MFIs			
CreditAccess Grameen Ltd.	14	301	84%
Fusion Microfinance Pvt. Ltd.	**18**	**361**	**93%**
Asirvad Microfinance Ltd.	24	408	76%
Muthoot Microfin Ltd.	16	281	70%
Annapurna Finance Pvt. Ltd.	20	346	NA
Samasta Microfinance Ltd.	17	288	NA
Satin Creditcare Network Ltd.	23	374	NA
Svatantra Microfin Pvt. Ltd.	19	303	NA
Spandana Sphoorty Financial Ltd.	18	294	82%
Belstar Microfinance Ltd.	18	186	90%
Banks and SFBs (FY22)	**No. of states**	**No. of districts**	**Share of rural clients**
Bandhan Bank	34	566	35%
Equitas SFB	18	NA	NA
Ujjivan SFB	24	244	NA

Jana SFB	NA	NA	NA
ESAF SFB	NA	NA	NA
Utkarsh SFB	22	224	NA
Fincare SFB	17	246	NA
Suryoday SFB	14	NA	NA

Source: MFIN, Company reports, CRISIL Research
Notes: NA – Not available

Fusion has the 2nd Lowest GLP Per Customer Among the Top 10 NBFC-MFIs in the FY2022 and Q1FY2023

Fusion has the lowest GLP per customer among select NBFC-MFIs in the first quarter of the financial year 2023 and second lowest in the financial year 2022, showing better diversification and lower risk per customer.

Fusion had diversified across districts and reduced its dependency on few districts as it is visible in its lowest GLP per district among select NBFC-MFIs in the financial year 2021, which has now increased, and it has now become 6th lowest among select NBFC-MFI in first quarter of the financial year 2023 and 4th lowest in the financial year 2022. Fusion has 4th highest GLP per employee among the top NBFC-MFIs in the first quarter of the financial year 2023 and the financial year 2022.

Productivity metrics	**GLP per employee (₹ in millions)**				**GLP per customer *(₹)***				**GLP per loan officer *(₹ in millions)***			
	FY20	**FY21**	**FY22**	**Q1FY23**	**FY20**	**FY21**	**FY22**	**Q1FY23**	**FY20**	**FY21**	**FY22**	**Q1FY23**
Top 10 NBFC-MFIs												
CreditAccess Grameen Ltd.	9.14	10.67	11.50	10.80	34,065	39,502	47,352	46,396	12.83	15.22	16.60	16.10
Fusion Microfinance Pvt. Ltd.	**6.66**	**7.24**	**7.60**	**7.70**	**19,700**	**21,877**	**24,644**	**24,931**	**10.34**	**11.07**	**11.40**	**12.00**
Asirvad Microfinance Ltd.	8.87	8.27	5.60	5.70	23,219	24,832	26,931	26,973	16.49	13.33	9.30	9.40
Muthoot Microfin Ltd.	6.79	7.15	8.20	8.10	26,234	26,758	31,271	31,200	11.27	10.77	11.70	13.70
Annapurna Finance Pvt. Ltd.	6.73	6.58	7.60	7.40	22,909	25,968	28,474	28,213	11.28	10.69	11.30	11.50
Samasta Microfinance Ltd.	5.80	6.93	6.00	5.70	22,078	29,247	36,022	29,065	9.66	11.67	11.10	9.60
Satin Creditcare Network Ltd.	6.48	6.86	6.00	6.70	23,442	27,350	25,636	26,621	11.09	11.04	9.10	10.40
Svatantra Microfin Pvt. Ltd.	6.63	7.73	9.10	9.90	25,762	27,628	32,041	32,750	12.35	14.44	15.70	17.20
Spandana Sphoorty Financial Ltd.	8.30	9.42	7.30	7.00	26,572	33,288	26,743	27,605	11.19	12.11	9.90	9.50
Belstar Microfinance Ltd.	5.33	7.23	7.35	7.12	19,658	23,906	24,250	26,089	11.35	15.67	13.23	12.99
Banks and SFBs												
Bandhan Bank	18.07	17.60	15.60	15.78	35,744	37,843	36,144	35,929	NM	NM	NM	NM
Equitas SFB	9.54	10.83	11.00	NA	63,526	45,962	34,109	NA	NM	NM	NM	NM
Ujjivan SFB	7.93	9.14	9.60	NA	26,958	25,574	25,159	NA	NM	NM	NM	NM
Jana SFB	6.97	NM	NM	NA	36,797	NM	NM	NA	NM	NM	NM	NM
ESAF SFB	20.43	NM	NM	NA	16,733	NM	NM	NA	NM	NM	NM	NM
Utkarsh SFB	7.54	NM	NM	NA	26,640	NM	34,093	NA	NM	NM	NM	NM
Fincare SFB	7.26	NM	NM	NA	20,949	NM	21,988	NA	NM	NM	NM	NM
Suryoday SFB	7.90	8.20	9.05	NA	25,445	NM	24,745	25,532	NM	NM	NM	NM

Source: MFIN, Company reports, CRISIL Research
Notes:
(1) ^For SFBs, total loan advances have been considered as GLP
(2) NM – Not meaningful

Productivity metrics	GLP per branch (₹ in millions)				GLP per district (₹ in millions)			
	FY20	FY21	FY22	Q1FY23	FY20	FY21	FY22	Q1FY23
Top 10 NBFC-MFIs								
CreditAccess Grameen Ltd.	106.50	117.65	118.00	107.60	430	459	456	416
Fusion Microfinance Pvt. Ltd.	**61.88**	**65.32**	**73.90**	**77.90**	**129**	**144**	**184**	**196**
Asirvad Microfinance Ltd.	52.81	56.35	45.90	45.50	175	184	172	171
Muthoot Microfin Ltd.	71.27	65.92	72.60	71.70	200	200	234	244
Annapurna Finance Pvt. Ltd.	55.84	55.22	66.60	62.90	137	150	189	188
Samasta Microfinance Ltd.	60.61	76.67	80.30	69.50	149	188	225	221
Satin Creditcare Network Ltd.	63.33	71.96	62.30	62.00	189	196	171	171
Svatantra Microfin Pvt. Ltd.	58.34	69.61	78.70	77.50	118	144	180	181
Spandana Sphoorty Financial Ltd.	67.61	77.37	58.60	52.80	244	289	209	188
Belstar Microfinance Ltd.	39.12	50.83	59.88	62.20	152	194	235	251
Banks and SFBs								
Bandhan Bank	157.60	163.92	167.00	NA	1,311	NM	1660	1708
Equitas SFB	179.90	208.19	223.00	NA	NM	NM	NM	NA
Ujjivan SFB	246.10	263.30	284.00	NA	580	610	657	NA
Jana SFB	193.10	NM	NM	NA	NM	NM	NM	NA
ESAF SFB	150.20	NM	NM	NA	NM	NM	NM	NA
Utkarsh SFB	131.40	NM	149.00	NA	385	NM	457	NA
Fincare SFB	75.13	NM	NM	NA	302	NM	NM	NA
Suryoday SFB	77.78	75.65	84.00	NA	NM	NM	77	NA

Source: MFIN, Company reports, CRISIL Research
Notes:
(1) ^For SFBs, total loan advances have been considered as GLP
(2) NM – Not meaningful

Productivity metrics	Average ticket size based on disbursements (₹)					Average portfolio outstanding per account (₹)				
	FY19	FY20	FY21	FY22	Q1FY23	FY19	FY20	FY21	FY22	Q1FY23
Top 10 NBFC-MFIs										
CreditAccess Grameen Ltd.	21,379	20,000	35,938	37,576	32,546	17,288	17,920	26,884	30,223	31,399
Fusion Microfinance Pvt. Ltd.	**26,427**	**29,801**	**32,113**	**35,668**	**36,365**	**16,771**	**19,539**	**21,550**	**23,873**	**24,309**
Asirvad Microfinance Ltd.	20,466	22,628	29,268	39,070	54,063	13,146	14,570	15,866	19,749	20,408
Muthoot Microfin Ltd.	31,161	33,164	33,855	34,252	28,948	23,150	21,833	21,840	22,889	22,143
Annapurna Finance Pvt. Ltd.	31,338	35,207	35,989	40,198	52,251	19,776	22,672	23,537	26,469	27,201
Samasta Microfinance Ltd.	27,072	27,279	33,900	39,294	39,116	20,458	18,653	23,734	29,770	29,244
Satin Creditcare Network Ltd.	26,723	31,486	33,113	42,110	41,252	17,682	19,974	24,419	24,246	25,135
Svatantra Microfin Pvt. Ltd.	29,995	36,252	36,517	37,399	35,959	21,011	10,661	13,114	26,581	25,739
Spandana Sphoorty Financial Ltd.	26,279	34,308	45,318	45,025	40,458	14,723	22,300	31,012	24,753	24,697
Belstar Microfinance Ltd.	29,355	30,747	34,430	35,025	37,816	21,283	13,723	18,635	23,686	23,639

Source: MFIN, Company reports, CRISIL Research

Fusion has the 2nd Lowest Branch per District Among the Top 10 NBFC-MFIs in FY2022 and Q1FY2023

Fusion Microfinance's ticket size has increased at a moderate 11% in the financial year 2022 indicates more client addition as it reported the fastest clientele growth of 27% in the financial year 2022. Ticket size has increased for players who have given incremental or top up loans to the existing customers.

Fusion Microfinance has the 2nd lowest branch per district of 2.52 in the first quarter of the financial year 2023 and of 2.49 in the financial year 2022 which indicates it has lot of scope for the financier to increase its penetration in existing states.

Productivity metrics	**Branch per District (unit)**				
	FY19	**FY20**	**FY21**	**FY22**	**Q1FY23**
Top 10 NBFC-MFIs					
CreditAccess Grameen Ltd.	4.27	4.04	3.9	3.87	3.87
Fusion Microfinance Pvt. Ltd.	**2.05**	**2.09**	**2.2**	**2.49**	**2.52**
Asirvad Microfinance Ltd.	3.25	3.32	3.26	3.74	3.76
Muthoot Microfin Ltd.	2.57	2.81	3.03	3.22	3.26
Annapurna Finance Pvt. Ltd.	2.46	2.46	2.72	2.84	2.99
Samasta Microfinance Ltd.	2.35	2.46	2.45	2.80	3.17
Satin Creditcare Network Ltd.	2.87	2.98	2.72	2.75	2.76
Svatantra Microfin Pvt. Ltd.	1.85	2.02	2.07	2.28	2.33
Spandana Sphoorty Financial Ltd.	3.49	3.61	3.73	3.57	3.56
Belstar Microfinance Ltd.	5.26	3.89	3.82	3.92	4.04

Source: MFIN, Company reports, CRISIL Research

Fusion Microfinance has the 3rd lowest Opex and cost to income ratio in FY2022 among the top 10 NBFC-MFIs

FY22	**Yields on advances**	**Cost of borrowing**	**NIM**	**Opex ratio**	**Cost to income ratio**	**Credit costs**
Top 10 NBFC-MFIs						
CreditAccess Grameen Ltd.	19.16%	8.18%	9.72%	3.25%	29.73%	3.27%
Fusion Microfinance Pvt. Ltd.	**20.56%**	**9.72%**	**8.66%**	**4.76%**	**44.26%**	**5.62%**
Asirvad Microfinance Ltd.	23.11%	11.22%	9.64%	6.51%	49.65%	6.28%
Muthoot Microfin Ltd.	18.04%	9.70%	7.50%	6.32%	61.47%	2.27%
Annapurna Finance Pvt. Ltd.	21.33%	10.16%	6.62%	5.75%	63.07%	3.00%
Samasta Microfinance Ltd.	20.54%	8.96%	10.91%	6.08%	52.59%	1.83%
Satin Creditcare Network Ltd.	21.31%	10.47%	7.46%	5.58%	64.44%	2.30%
Svatantra Microfin Pvt. Ltd.	17.74%	9.56%	6.37%	5.18%	54.33%	3.03%
Spandana Sphoorty Financial Ltd.	20.64%	11.64%	9.69%	4.10%	32.81%	6.13%
Belstar Microfinance Ltd.	20.80%	9.17%	9.61%	5.27%	48.41%	3.73%
Banks and SFBs						
Bandhan Bank	13.88%	4.88%	6.87%	2.78%	30.54%	6.21%
Equitas SFB	17.33%	6.75%	7.89%	6.60%	66.12%	1.91%
Ujjivan SFB	16.73%	5.70%	8.07%	6.80%	71.68%	5.19%
Jana SFB	22.15%**	7.58%	7.08%	5.80%	66.46%	2.90%
ESAF SFB	19.59%**	5.99%	7.64%	5.74%	63.69%	2.78%
Utkarsh SFB	17.85%**	6.92%	7.80%	5.41%	59.11%	3.04%
Fincare SFB	21.45%	7.07%	9.28%	6.85%	60.01%	4.51%
Suryoday SFB	18.72%	6.31%	7.85%	5.55%	60.93%	5.26%

*Note: ** Total Income is considered for calculation, Source: Company reports, CRISIL Research*

FY21	Yields on advances	Cost of borrowing	NIM	Opex ratio	Cost to income ratio	Credit costs
Top 10 NBFC-MFIs						
CreditAccess Grameen Ltd.	20.07%	9.07%	11.08%	4.24%	38.09%	5.58%
Fusion Microfinance Pvt. Ltd.	**21.48%**	**10.29%**	**9.54%**	**4.37%**	**44.26%**	**4.38%**
Asirvad Microfinance Ltd.	20.96%	10.40%	10.15%	4.93%	46.66%	5.82%
Muthoot Microfin Ltd.	22.67%	11.63%	7.52%	5.17%	58.50%	3.64%
Annapurna Finance Pvt. Ltd.	22.03%	9.47%	12.57%	6.36%	50.25%	2.41%
Samasta Microfinance Ltd.	21.20%	10.17%	9.30%	5.97%	62.18%	3.18%
Satin Creditcare Network Ltd.	21.85%	11.89%	8.70%	5.10%	58.52%	3.66%
Svatantra Microfin Pvt. Ltd.	18.26%	10.53%	8.79%	5.25%	59.08%	2.48%
Spandana Sphoorty Financial Ltd.	22.88%	10.10%	14.73%	3.26%	21.63%	8.97%
Belstar Microfinance Ltd.	20.79%	9.99%	9.65%	5.61%	52.72%	2.70%
Banks and SFBs						
Bandhan Bank	14.69%	5.89%	7.32%	2.73%	29.13%	4.78%
Equitas SFB	18.96%	7.76%	8.17%	6.04%	59.99%	1.71%
Ujjivan SFB	19.89%	6.93%	9.08%	6.34%	60.32%	4.12%
Jana SFB	21.34%	8.30%	7.60%	6.30%	69.90%	2.21%
ESAF SFB	22.31%	7.60%	8.45%	5.80%	60.31%	2.85%
Utkarsh SFB	16.86%	7.33%	6.91%	4.49%	55.43%	2.66%
Fincare SFB	24.73%	8.63%	9.29%	6.14%	55.93%	3.34%
Suryoday SFB	17.73%	8.09%	6.80%	5.44%	64.44%	2.80%

Source: Company reports, CRISIL Research

FY20	Yields on advances	Cost of borrowing	NIM	Opex ratio	Cost to income ratio	Credit costs
Top 10 NBFC-MFIs						
CreditAccess Grameen Ltd.	18.66%	8.12%	11.29%	4.29%	38.00%	2.38%
Fusion Microfinance Pvt. Ltd.	**22.54%**	**11.42%**	**9.76%**	**5.09%**	**50.84%**	**2.36%**
Asirvad Microfinance Ltd.	23.29%	10.65%	12.70%	4.61%	33.86%	1.82%
Muthoot Microfin Ltd.	22.84%	10.90%	8.15%	7.46%	50.00%	7.14%
Annapurna Finance Pvt. Ltd.	22.81%	11.33%	8.10%	6.06%	62.00%	1.28%
Samasta Microfinance Ltd.	24.73%	10.15%	14.48%	8.77%	49.81%	2.03%

FY20	Yields on advances	Cost of borrowing	NIM	Opex ratio	Cost to income ratio	Credit costs
Satin Creditcare Network Ltd.	23.51%	12.07%	11.88%	6.09%	51.22%	2.73%
Svatantra Microfin Pvt. Ltd.	18.22%	11.25%	11.72%	7.10%	60.34%	2.65%
Spandana Sphoorty Financial Ltd.	25.29%	11.88%	19.79%	4.05%	19.86%	5.02%
Belstar Microfinance Ltd.	24.94%	10.48%	13.90%	7.12%	50.98%	1.01%
Banks and SFBs						
Bandhan Bank	17.85%	7.82%	8.54%	3.28%	30.83%	1.88%
Equitas SFB	19.10%	8.09%	8.53%	6.73%	66.37%	1.40%
Ujjivan SFB	21.23%	8.14%	10.16%	8.20%	67.43%	1.50%
Jana SFB	22.66%	9.41%	8.57%	9.87%	80.58%	2.12%
ESAF SFB	22.32%	8.72%	9.59%	7.26%	64.87%	1.62%
Utkarsh SFB	18.98%	9.61%	7.75%	5.07%	57.58%	0.56%
Fincare SFB	24.91%	9.66%	10.96%	7.55%	55.76%	3.45%
Suryoday SFB	22.49%	8.09%	10.75%	5.96%	47.08%	3.33%

Source: Company reports, CRISIL Research

Fusion Microfinance's cost to income witnessed the highest decline of almost 19% from FY2019 to FY2022 among the top 10 NBFC MFI

Players	Cost to income ratio					% Change (FY19-FY22)
	FY18	FY19	FY20	FY21	FY22	
Top 10 NBFC-MFIs						
CreditAccess Grameen Ltd.	39.21%	35.12%	38.00%	38.09%	29.73%	(5.39)%
Fusion Microfinance Pvt. Ltd.	**68.66%**	**63.21%**	**50.84%**	**44.26%**	**44.26%**	(18.95)%
Asirvad Microfinance Ltd.	57.17%	47.75%	33.86%	46.66%	49.65%	1.90%
Muthoot Microfin Ltd.	62.46%	62.15%	62.00%	58.50%	63.07%	0.90%
Annapurna Finance Pvt. Ltd.	66.88%	56.30%	49.81%	50.25%	52.59%	(3.71)%
Samasta Microfinance Ltd.	42.52%	47.58%	50.00%	62.18%	61.47%	13.89%
Satin Creditcare Network Ltd.	61.56%	51.27%	51.22%	58.52%	64.44%	13.17%
Svatantra Microfin Pvt. Ltd.	81.32%	71.46%	60.34%	59.08%	54.33%	(17.13)%
Spandana Sphoorty Financial Ltd.	30.44%	24.57%	19.86%	21.63%	32.81%	8.24%
Belstar Microfinance Ltd.	52.50%	44.22%	50.98%	52.72%	48.41%	4.19%
Banks and SFBs						
Bandhan Bank	35.00%	32.58%	30.83%	29.13%	60.08%	27.50%
Equitas SFB	72.03%	63.90%	66.37%	59.99%	66.12%	2.22%
Ujjivan SFB	65.68%	76.45%	67.43%	60.32%	71.68%	(4.77)%
Jana SFB	335.98%	203.95%	80.58%	69.90%	66.46%	(137.49)%
ESAF SFB	79.79%	66.43%	64.87%	60.31%	63.69%	(2.74)%
Utkarsh SFB	75.71%	58.63%	57.58%	55.43%	59.11%	0.48%

Fincare SFB	76.85%	66.36%	55.76%	55.93%	60.01%	(6.35)%
Suryoday SFB	65.11%	47.70%	47.08%	64.44%	60.93%	13.23%

Source: Company reports, CRISIL Research

Fusion Microfinance has Reported 3rd Highest Growth in Total Income in FY2022

Fusion Microfinance reported the 3rd highest NII growth of 38% between the financial years 2019 and 2022 among all the compared peers. Fusion Microfinance's total income growth of 34% between the financial years 2019 and 2022 was the 3rd highest among select NBFC-MFIs.

Financial metrics: Total income and other income

Growth (y-o-y)	Total income				CAGR (FY19 to FY22)
	FY19	FY20	FY21	FY22	
Top 10 NBFC-MFIs					
CreditAccess Grameen Ltd.	42.05%	37.76%	44.60%	12.80%	22.78%
Fusion Microfinance Pvt. Ltd.	**85.93%**	**46.94%**	**19.55%**	**37.60%**	**34.21%**
Asirvad Microfinance Ltd.	57.68%	48.75%	(2.20)%	29.94%	23.65%
Muthoot Microfin Ltd.	46.68%	14.59%	(18.98)%	21.06%	3.95%
Annapurna Finance Pvt. Ltd.	51.89%	50.52%	NM	17.98%	30.56%
Samasta Microfinance Ltd.	252.44%	71.33%	20.62%	45.25%	44.26%
Satin Creditcare Network Ltd.	40.57%	2.03%	(9.12)%	(0.88)%	(2.77)%
Svatantra Microfin Pvt. Ltd.	139.60%	119.36%	42.97%	48.33%	66.93%
Spandana Sphoorty Financial Ltd.	78.55%	40.09%	2.46%	5.25%	12.03%
Belstar Microfinance Ltd.	71.51%	36.06%	10.43%	31.74%	25.56%
Banks and SFBs					
Bandhan Bank	39.91%	61.34%	17.68%	14.08%	29.39%
Equitas SFB	34.73%	21.82%	23.38%	10.67%	18.49%
Ujjivan SFB	29.01%	48.51%	3.00%	0.32%	15.33%
Jana SFB	(14.33)%	77.21%	NM	11.62%	30.63%
ESAF SFB	63.27%	35.52%	14.31%	21.52%	23.47%
Utkarsh SFB	67.14%	49.74%	22.68%	17.88%	29.38%
Fincare SFB	92.52%	80.11%	13.38%	19.53%	34.64%
Suryoday SFB	83.74%	43.06%	2.52%	18.24%	20.14%

Source: Company reports, CRISIL Research

Note: NA – Not available; NM – Not meaningful

Fusion Microfinance reported the 2nd fastest growth in PPOP amongst top 10 NBFC-MFIs between FY2019 and FY2022

Growth (y-o-y)	NII				CAGR (FY19 to FY22)	PPOP				CAGR (FY19 to FY22)
	FY19	FY20	FY21	FY22		FY19	FY20	FY21	FY22	
Top 10 NBFC-MFIs										
CreditAccess Grameen Ltd.	62.04%	37.31%	36.06%	12.80%	17.69%	73.29%	32.90%	35.65%	48.46%	19.23%
Fusion Microfinance Pvt. Ltd.	**159.82%**	**78.26%**	**25.42%**	**25.63%**	**38.27%**	**257.78%**	**198.57%**	**41.99%**	**10.39%**	**60.98%**

Growth (y-o-y)	NII				CAGR (FY19 to FY22)	PPOP				CAGR (FY19 to FY22)
	FY19	FY20	FY21	FY22		FY19	FY20	FY21	FY22	
Asirvad Microfinance Ltd.	74.34%	66.41%	(7.78)%	21.87%	16.25%	133.33%	132.16%	(25.54)%	(6.03)%	3.81%
Muthoot Microfin Ltd.	50.32%	8.92%	23.98%	13.92%	8.74%	(25.86)%	(33.18)%	429.54%	(23.42)%	13.72%
Annapurna Finance Pvt. Ltd.	42.60%	48.96%	NM	8.04%	24.05%	(17.69)%	94.86%	NM	(54.42)%	9.18%
Samasta Microfinance Ltd.	287.34%	85.82%	33.62%	35.74%	48.76%	1,032.29%	141.09%	67.46%	(24.59)%	68.62%
Satin Creditcare Network Ltd.	26.87%	52.35%	(20.58)%	13.87%	1.73%	7.92%	144.79%	(32.65)%	23.57%	(4.41)%
Svatantra Microfin Pvt. Ltd.	139.94%	134.22%	21.85%	68.03%	45.83%	1439.40%	245.51%	24.36%	312.51%	29.37%
Spandana Sphoorty Financial Ltd.	87.52%	68.64%	(1.84)%	(18.91)%	5.09%	101.72%	82.59%	(3.82)%	(37.00)%	(2.93)%
Belstar Microfinance Ltd.	80.80%	61.00%	(8.98)%	33.57%	25.09%	103.99%	54.50%	(22.05)%	44.17%	20.19%
Banks and SFBs										
Bandhan Bank	48.28%	40.66%	19.60%	15.21%	24.68%	55.76%	45.13%	21.79%	9.36%	24.57%
Equitas SFB	33.84%	29.80%	20.26%	13.41%	20.97%	251.12%	34.00%	48.78%	(28.50)%	12.54%
Ujjivan SFB	28.50%	47.68%	7.79%	2.63%	17.04%	(53.64)%	205.66%	68.63%	(44.23)%	39.21%
Jana SFB	11.77%	131.43%	NM	10.03%	47.07%	NM	NM	NM	16.28%	NM
ESAF SFB	103.30%	38.12%	16.37%	24.47%	26.01%	NM	60.00%	50.95%	(1.88)%	33.32%
Utkarsh SFB	85.97%	46.57%	15.12%	26.40%	28.72%	435.20%	47.95%	16.50%	10.30%	23.88%
Fincare SFB	92.75%	64.48%	13.28%	24.99%	32.55%	368.87%	139.98%	23.40%	(3.54)%	41.89%
Suryoday SFB	106.94%	44.77%	(16.31)%	42.38%	19.93%	349.12%	50.31%	(62.52)%	109.35%	5.65%

Source: Company reports, CRISIL Research

Financial metrics: PAT

Growth (y-o-y)	PAT			
	FY19	FY20	FY21	FY22
Top 10 NBFC-MFIs				
CreditAccess Grameen Ltd.	51.07%	4.51%	(60.83)%	(65.31)%
Fusion Microfinance Pvt. Ltd.	**NM**	**37.55%**	**(36.86)%**	**(50.62)%**
Asirvad Microfinance Ltd.	NM	55.01%	(92.82)%	(20.44)%
Muthoot Microfin Ltd.	NM	(90.94)%	(61.25)%	571.93%
Annapurna Finance Pvt. Ltd.	555.14%	32.62%	NA	841.21%
Samasta Microfinance Ltd.	773.56%	101.69%	(37.91)%	(24.04)%
Satin Creditcare Network Ltd.	136.18%	(19.45)%	NM	(396.72)%
Svatantra Microfin Pvt. Ltd.	NM	75.23%	(7.55)%	73.57%
Spandana Sphoorty Financial Ltd.	66.05%	12.65%	(58.61)%	(63.85)%
Belstar Microfinance Ltd.	169.23%	35.85%	(52.83)%	(3.26)%

Growth (y-o-y)	PAT			
	FY19	FY20	FY21	FY22
Banks and SFBs				
Bandhan Bank	45.03%	54.96%	(27.07)%	(94.30)%
Equitas SFB	561.50%	15.69%	57.73%	20.10%
Ujjivan SFB	2802.94%	75.69%	(97.63)%	NM
Jana SFB	NM	NM	NM	(93.59)%
ESAF SFB	234.45%	110.88%	(44.65)%	(48.07)%
Utkarsh SFB	NM	98.93%	(40.12)%	(45.04)%
Fincare SFB	NM	40.66%	(21.13)%	(92.16)%
Suryoday SFB	755.73%	28.11%	(89.31)%	NM

Source: Company reports, CRISIL Research

Notes: NA – Not available; NM – Not meaningful

Fusion reported the 3rd lowest RoA and RoE among the top 10 NBFC-MFIs in FY2022

	FY22	
Players	**RoE (%)**	**RoA (%)**
Top 10 NBFC-MFIs		
CreditAccess Grameen Ltd.	10.09%	2.78%
Fusion Microfinance Pvt. Ltd.	**1.68%**	**0.33%**
Asirvad Microfinance Ltd.	1.26%	0.21%
Muthoot Microfin Ltd.	4.26%	0.97%
Annapurna Finance Pvt. Ltd.	2.20%	0.26%
Samasta Microfinance Ltd.	6.14%	0.94%
Satin Creditcare Network Ltd.	2.60%	0.53%
Svatantra Microfin Pvt. Ltd.	6.50%	0.98%
Spandana Sphoorty Financial Ltd.	1.62%	0.61%
Belstar Microfinance Ltd.	6.46%	1.12%
Banks and SFBs		
Bandhan Bank	0.72%	0.10%
Equitas SFB	7.35%	1.09%
Ujjivan SFB	(13.97)%	(1.89)%
Jana SFB	0.46%	0.03%
ESAF SFB	3.97%	0.36%
Utkarsh SFB	4.18%	0.45%
Fincare SFB	0.80%	0.09%
Suryoday SFB	(6.00)%	(1.25)%

Source: Company reports, CRISIL Research

	FY21		FY21*	
Players	**RoE (%)**	**RoA (%)**	**RoE (%)**	**RoA (%)**
Top 10 NBFC-MFIs				
CreditAccess Grameen Ltd.	3.96%	0.95%	6.29%	1.51%
Fusion Microfinance Pvt. Ltd.	**3.60%**	**0.87%**	**NM**	**NM**
Asirvad Microfinance Ltd.	1.61%	0.29%	4.59%	0.82%
Muthoot Microfin Ltd.	0.79%	0.17%	NM	NM
Annapurna Finance Pvt. Ltd.	NM	NM	NM	NM
Samasta Microfinance Ltd.	11.50%	1.88%	NM	NM
Satin Creditcare Network Ltd.	(0.92)%	(0.18)%	1.32%	0.26%
Svatantra Microfin Pvt. Ltd.	5.94%	0.85%	NM	NM
Spandana Sphoorty Financial Ltd.	5.41%	2.02%	21.63%	8.09%
Belstar Microfinance Ltd.	8.98%	1.56%	23.51%	3.67%
Banks and SFBs				
Bandhan Bank	13.53%	2.13%	18.29%	2.88%

Players	FY21		FY21*	
	RoE (%)	RoA (%)	RoE (%)	RoA (%)
Equitas SFB	12.52%	1.75%	16.69%	2.33%
Ujjivan SFB	0.26%	0.04%	4.30%	0.71%
Jana SFB	NM	NM	NM	NM
ESAF SFB	8.65%	0.97%	11.14%	1.24%
Utkarsh SFB	9.37%	1.04%	NM	NM
Fincare SFB	11.78%	1.50%	22.03%	2.81%
Suryoday SFB	0.89%	0.20%	6.03%	1.33%

Source: Company reports, CRISIL Research

Notes:

(1) NM – Not meaningful

*(2) *Adjusted for COVID provision (PAT + COVID provision adjusted for tax); NA: COVID provision not available.*

Profitability of players

Players	FY20		FY20*	
	RoE (%)	RoA (%)	RoE (%)	RoA (%)
Top 10 NBFC-MFIs				
CreditAccess Grameen Ltd.	12.88%	3.36%	15.27%	3.99%
Fusion Microfinance Pvt. Ltd.	**7.63%**	**1.77%**	**11.83%**	**2.75%**
Asirvad Microfinance Ltd.	25.49%	4.62%	29.97%	5.43%
Muthoot Microfin Ltd.	2.03%	0.48%	NM	NM
Annapurna Finance Pvt. Ltd.	11.98%	2.01%	15.88%	2.67%
Samasta Microfinance Ltd.	27.67%	4.67%	NM	NM
Satin Creditcare Network Ltd.	12.00%	2.26%	16.77%	3.15%
Svatantra Microfin Pvt. Ltd.	11.43%	1.49%	NM	NM
Spandana Sphoorty Financial Ltd.	15.56%	6.44%	19.47%	8.07%
Belstar Microfinance Ltd.	22.03%	4.33%	24.49%	4.84%
Banks and SFBs				
Bandhan Bank	22.91%	4.08%	26.83%	4.78%
Equitas SFB	9.75%	1.39%	12.74%	1.82%
Ujjivan SFB	14.04%	2.18%	16.15%	2.50%
Jana SFB	3.51%	0.26%	NM	NM
ESAF SFB	19.25%	2.30%	19.59%	2.34%
Utkarsh SFB	20.84%	2.39%	25.02%	2.87%
Fincare SFB	18.28%	2.54%	26.16%	3.64%
Suryoday SFB	11.40%	2.43%	16.48%	3.52%

Source: Company reports, CRISIL Research

Notes:

(1) NM – Not meaningful

*(2) *Adjusted for COVID provision (PAT + COVID provision adjusted for tax); NA: COVID provision not available*

Fusion Microfinance has the 3rd lowest Capital Adequacy amongst top 10 NBFC MFI in FY2022

In the financial year 2022, Fusion Microfinance has the 3rd lowest capital adequacy among the compared NBFC MFIs. Spandana Sphoorty has the best Capital Adequacy of 50.74% in the financial year 2022 amongst select NBFC MFIs.

Financial metrics (FY22)	Debt to equity ratio (x)*			Capital adequacy ratio (%)		
	FY20	FY21	FY22	FY20	FY21	FY22
Top 10 NBFC-MFIs						
CreditAccess Grameen Ltd.	3.36	2.88	2.66	23.60%	31.80%	22.77%

Financial metrics (FY22)	Debt to equity ratio (x)* FY20	FY21	FY22	Capital adequacy ratio (%) FY20	FY21	FY22
Fusion Microfinance Pvt. Ltd.	**2.48**	**3.46**	**1.2**	**35.82%**	**27.26%**	**21.94%**
Asirvad Microfinance Ltd.	4.22	4.18	3.4	25.40%	23.30%	20.81%
Muthoot Microfin Ltd.	3.19	3.36	7.83	29.09%	22.55%	28.75%
Annapurna Finance Pvt. Ltd.	5.1	NM	5.19	26.74%	27.71%	29.80%
Samasta Microfinance Ltd.	3.81	5.29	2.99	25.93%	18.50%	17.80%
Satin Creditcare Network Ltd.	3.35	3.7	5.26	30.50%	25.30%	27.84%
Svatantra Microfin Pvt. Ltd.	6.57	5.36	4.03	20.18%	21.88%	23.96%
Spandana Sphoorty Financial Ltd.	1.15	1.95	4.32	47.40%	40.00%	50.74%
Belstar Microfinance Ltd.	3.81	5.16	4.16	25.67%	22.24%	24.06%
Banks and SFBs						
Bandhan Bank	4.83	5.45	6.69	27.43%	23.47%	20.10%
Equitas SFB	5.63	6.05	5.08	23.61%	24.18%	25.16%
Ujjivan SFB	4.65	5.09	7.27	28.80%	26.44%	19.00%
Jana SFB	12	NM	15.03	19.25%	15.51%	15.26%
ESAF SFB	7.59	7.91	11.21	24.03%	24.23%	18.64%
Utkarsh SFB	5.91	7.39	8.04	22.19%	21.88%	21.59%
Fincare SFB	6.66	6.6	7.86	29.28%	29.56%	22.30%
Suryoday SFB	3.86	3.08	4.25	35.44%	51.47%	37.90%

Source: Company reports, CRISIL Research

Notes:

(1) *NA – Not available; NM – Not meaningful*

(2) **Debt includes borrowings and deposits from customers.*

<u>Fusion Microfinance had the 6th lowest GNPA ratio amongst the top 10 NBFC-MFIs in FY2022</u>

GNPA ratio	FY17	FY18	FY19	FY20	FY21	FY22	Average (FY19-22)
Top 10 NBFC-MFIs							
CreditAccess Grameen Ltd.	0.09%	0.82%	0.61%	1.57%	4.43%	3.1%	2.43%
Fusion Microfinance Pvt. Ltd.	**0.38%**	**3.98%**	**1.55%**	**1.12%**	**5.51%**	**5.7%**	**3.47%**
Asirvad Microfinance Ltd.	4.50%	1.70%	0.50%	1.60%	2.50%	1.7%	1.58%
Muthoot Microfin Ltd.	0.29%	3.43%	2.00%	5.70%	8.00%	6.8%	5.63%
Annapurna Finance Pvt. Ltd.	0.23%	2.10%	1.24%	1.36%	8.28%	10.0%	5.22%
Samasta Microfinance Ltd.	3.85%	0.96%	0.36%	1.50%	1.80%	3.0%	1.67%
Satin Creditcare Network Ltd.	0.46%	5.00%	4.00%	3.30%	8.40%	8.0%	5.93%
Svatantra Microfin Pvt. Ltd.	0.10%	3.67%	2.44%	1.29%	2.08%	3.8%	2.40%
Spandana Sphoorty Financial Ltd.	6.50%	1.70%	0.90%	0.50%	3.10%	17.7%	5.55%
Belstar Microfinance Ltd.	0.10%	0.80%	1.29%	1.13%	2.81%	6.04%	2.82%
Banks and SFBs							
Bandhan Bank	0.40%	1.25%	2.04%	1.48%	6.81%	6.46%	4.20%
Equitas SFB	3.56%	2.73%	2.53%	3.00%	3.73%	4.06%	3.33%
Ujjivan SFB	0.28%	3.65%	0.90%	0.97%	7.07%	7.10%	4.01%
Jana SFB	0.70%	42.21%	8.08%	2.71%	6.70%	5.71%	5.80%
ESAF SFB	0.52%	3.79%	1.60%	1.53%	6.70%	7.83%	4.42%
Utkarsh SFB	0.00%	1.85%	1.39%	0.71%	3.75%	6.10%	2.99%
Fincare SFB	0.44%	1.06%	1.29%	0.90%	6.44%	7.80%	4.11%
Suryoday SFB	6.15%	3.54%	1.81%	2.79%	9.41%	11.80%	6.45%

Source: Company reports, CRISIL Research

Fusion Microfinance had the 6th lowest average net NPA ratio among top 10 NBFC-MFIs between FY2019 and FY2022

NNPA Ratio	FY17	FY18	FY19	FY20	FY21	FY22	Average (FY19-22)
Top 10 NBFC-MFIs							
CreditAccess Grameen Ltd.	0.00%	0.03%	0.17%	0.37%	1.3%	0.90%	0.69%
Fusion Microfinance Pvt. Ltd.	**0.14%**	**0.16%**	**0.56%**	**0.39%**	**2.20%**	**1.60%**	**1.19%**
Asirvad Microfinance Ltd.	1.30%	0.00%	0.00%	0.00%	0.00%	0.30%	0.08%
Muthoot Microfin Ltd.	0.26%	1.97%	1.21%	4.05%	NA	1.90%	2.39%
Annapurna Finance Pvt. Ltd.	0.03%	0.30%	0.65%	0.84%	4.24%	2.90%	2.16%
Samasta Microfinance Ltd.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Satin Creditcare Network Ltd.	0.25%	4.90%	2.30%	(0.10)%	3.30%	2.40%	1.98%
Svatantra Microfin Pvt. Ltd.	0.00%	0.66%	0.55%	0.68%	1.0%	1.60%	0.96%
Spandana Sphoorty Financial Ltd.	1.59%	0.08%	0.02%	0.07%	1.40%	9.68%	2.79%
Belstar Microfinance Ltd.	0.01%	0.31%	0.14%	0.09%	0.59%	1.48%	0.58%
Banks and SFBs							
Bandhan Bank	0.30%	0.58%	0.58%	0.58%	3.51%	1.66%	1.58%
Equitas SFB	1.51%	1.46%	1.44%	1.67%	1.58%	2.40%	1.77%
Ujjivan SFB	0.03%	0.69%	0.30%	0.20%	2.93%	0.60%	1.01%
Jana SFB	0.60%	27.72%	4.39%	1.30%	4.80%	3.90%	3.60%
ESAF SFB	0.25%	2.69%	0.77%	0.64%	3.88%	3.90%	2.30%
Utkarsh SFB	0.00%	1.09%	0.12%	0.18%	1.33%	2.30%	0.98%
Fincare SFB	0.38%	0.81%	0.34%	0.40%	2.80	3.60%	1.79%
Suryoday SFB	3.80%	1.86%	0.44%	0.57%	4.73%	6.00%	2.94%

Source: Company reports, CRISIL Research

Note: NNPA ratio is net NPAs to net advances as reported by the company,

Most NBFC-MFIs had high average interest rate of 19-22% yearly on declining balance basis. However, these interest rates are much lower than those charged by village moneylenders (typically in the range of 35-45%). Fusion is one of the youngest NBFC-MFI players with a strong credit rating of "A-". Fusion Microfinance long-term credit ratings have improved from a CRISIL rating of "BBB+" as of March 31, 2016, to "A-" at end of June 2022.

Top 10 NBFC-MFIs	Date of incorporation	NBFC-MFI / SFB status date	Credit rating as of Aug 2022	Weighted average interest rate (March 2022)
CreditAccess Grameen Ltd.	1991	2013	CRISIL A+ (Stable) IND AA- (Stable) ICRA AA+ (CE) / ICRA A+(Stable)	19.14%
Fusion Microfinance Pvt. Ltd.	**2009^**	**2014**	**CRISIL A- (Stable)** **CARE A- (Stable)** **ICRA A- (Stable)**	**21.01%**
Asirvad Microfinance Ltd.	2007	2007	CRISIL AA- (Stable) BWR AA- (Stable)	20.50%
Muthoot Microfin Ltd.	1992	2015	CRISIL A (Stable) IND A (Stable)	20.25%
Annapurna Finance Pvt. Ltd.	1986	2009	CRISIL A- (Stable) CARE A- (Stable) ICRA A- (Stable)	20.88%
Samasta Microfinance Ltd.	1995	2008	CRISIL AA- (Stable)	21.62%

Top 10 NBFC-MFIs	Date of incorporation	NBFC-MFI / SFB status date	Credit rating as of Aug 2022	Weighted average interest rate (March 2022)
			CARE A+ (Stable) ICRA A+ (Stable)	
Satin Creditcare Network Ltd.	1990	2013	CARE BBB+ (Stable) ICRA A-/ICRA A (CE) (Stable)	21.70%
Svatantra Microfin Pvt. Ltd.	2012	2013	CRISIL A+ (Stable) CARE AA- (Stable) IND A+ (Stable) ICRA A- (Stable)	20.70%
Spandana Sphoorty Financial Ltd.	2003	2015	ICRA A- (Stable) CRISIL A (Stable) IND A (Stable)	21.34%
Belstar Microfinance Ltd.	1988	2008	CRISIL AA- (Stable) CARE AA- (Stable) ICRA A+ (Stable)	18.77%

Source: MFIN, CRISIL Research

Notes:

(1) ^Company started operation on December 2009.

Fusion Microfinance had the 2nd highest number of lender relationships among the top 10 NBFC-MFIs

Borrowing mix (FY22)	Bonds & Debentures	Loans from Banks & Financial Institutions	Bank Overdraft	ECB	Commercial Paper	Others	Number of lenders
Top 10 NBFC-MFIs							
CreditAccess Grameen Ltd.	13.09%	84.91%		2.00%			43
Fusion Microfinance Pvt. Ltd.	**16.38%**	**82.15%**		**1.46%**			**57**
Asirvad Microfinance Ltd.	30.67%	69.33%					60
Muthoot Microfin Ltd.	16.26%	72.18%			1.24%	10.31%	NA
Annapurna Finance Pvt. Ltd.	29.53%	60.91%		9.49%		0.06%	NA
Samasta Microfinance Ltd.	10.93%	88.52%	0.06%		0.49%		NA
Satin Creditcare Network Ltd.	25.25%	55.80%	3.55%	5.64%	0.45%	9.30%	56
Svatantra Microfin Pvt. Ltd.	NA	NA	NA	NA	NA	NA	NA
Spandana Sphoorty Financial Ltd.	48.42%	51.58%					39
Belstar Microfinance Ltd.	29.53%	60.91%		9.49%		0.06%	44

Source: Company reports, CRISIL Research

Notes: ECB: External commercial borrowings; NA: Not available

Experience of leadership team (FY2022)

	Date of incorporation	Age of the company *	Team size of key managerial personnel	Average of total experience (years)
NBFC-MFIs				
CreditAccess Grameen Ltd.	1991	23	14	22
Fusion Microfinance Pvt. Ltd.	**1994**	**12**	**8**	**20**
Asirvad Microfinance Ltd.	2007	15	10	20
Muthoot Microfin Ltd.	1992	20	5	17
Annapurna Finance Pvt. Ltd.	2009	13	20	15
Samasta Microfinance Ltd.	1995	14	8	17
Satin Creditcare Network Ltd.	1990	24	11	24
Svatantra Microfin Pvt. Ltd.	2012	10	11	16
Belstar Microfinance Ltd.	1988	14	13	19
Average		**16**	**11**	**19**
SFBs and Banks				
Bandhan Bank	2015	7	14	26
Equitas SFB	2016	6	13	26
Ujjivan SFB	2017	5	13	27
Jana SFB	2006	16	16	27
ESAF SFB	2016	6	34	25
Utkarsh SFB	2016	6	16	25
Fincare SFB	1995	27	21	25
Suryoday SFB	2008	14	15	23

Source: Company reports, CRISIL Research

*(1) *Age of company is calculated considering the year when company has started its operations*

List of formulae

	Parameters	Formula
1.	RoA	Profit after tax / average of total assets on book
2.	RoE	Profit after tax / average net worth
3.	NIM	(Interest income – interest paid) / average of total assets on book
4.	Yield on advances	Interest earned on loans and advances / average of advances on book
5.	Cost to income	Operating expenses / (net interest income + other income)
6.	Cost of borrowing	Interest paid / (average of deposits and borrowings)
7.	Non-interest income	(Total income – interest income)/ average of total assets on book
8.	Opex ratio	Operating expenses (Employee benefit expenses+ Depreciation expenses+ Other expenses) / Average total assets
9.	Credit cost	Provisions / average total assets on book
10.	Credit loss ratio	Write-offs during the year / average of advances on book

Comparison of Fusion Microfinance with Northern Region Portfolio Across Lender Groups

NBFC-MFI market share of GLP in norther region has increased to 37% in the financial year 2022 from 15% in the financial year 2015 on the back of strong CAGR of 58% over the same period. Banks market share also rose to 38% in the financial year 2022 from 27% in the financial year 2015. All other player groups have not been able to keep pace as their market share declined during the same period.

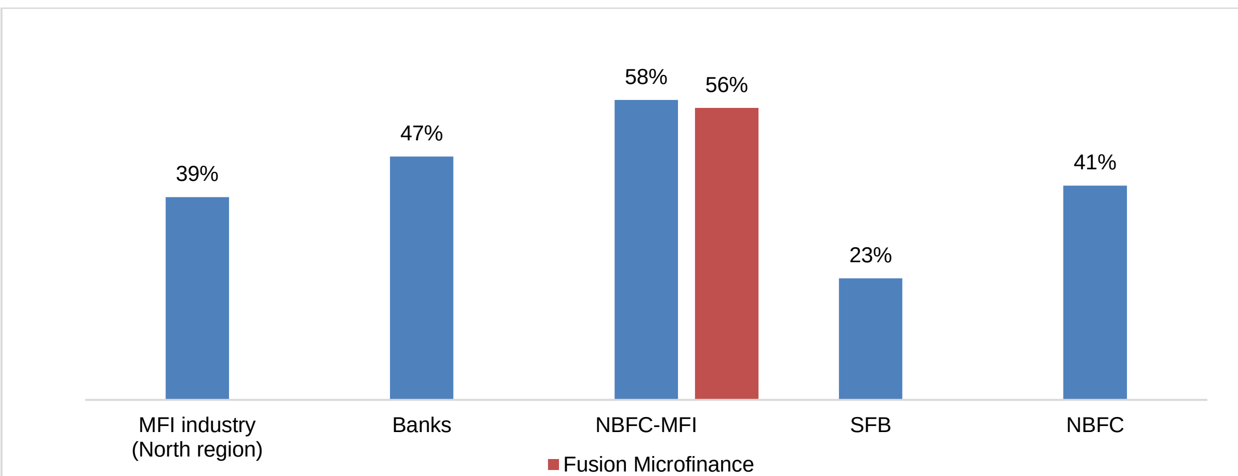
Market share of lender groups between FY2015 and FY2022

Source: Equifax, CRISIL Research

Note: Data includes data for banks' lending through JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks' lending through SHG. The amounts are as of the end of the financial year.

Fusion microfinance GLP growth of 56% during the financial year 2015 to the financial year 2022 is higher by 17% compared to the overall industry in the northern region. In the north, NBFC-MFI reported the fastest growth of 58% between the financial years 2015 and 2022, it was followed by Banks and NBFC which grew by 47% and 41%, respectively, over the same period.

GLP CAGR between FY2015 and FY2022

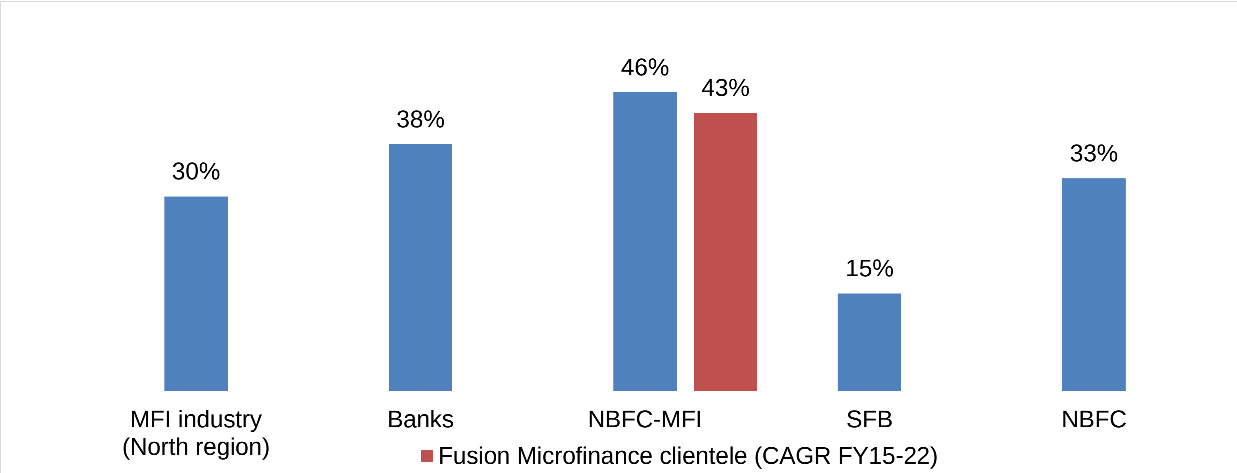


Note: Data includes data for banks lending through JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks' lending through SHG. The amounts are as of the end of the financial year.

Source: Equifax, MFIN, CRISIL Research

Fusion Microfinance clientele increased by 43% CAGR between the financial years 2015 and 2022, the highest among all player groups in the northern region. Fusion Microfinance clientele CAGR was 13% higher than the overall industry growth. Among player groups, NBFC-MFI reported the fastest growth of 46% between the financial years 2015 and 2022, it was followed by Banks and NBFC. Fusion Microfinance have established a presence in several states where penetration remains low, including Uttar Pradesh, Bihar and Madhya Pradesh.

Clientele CAGR between FY2015 and FY2022

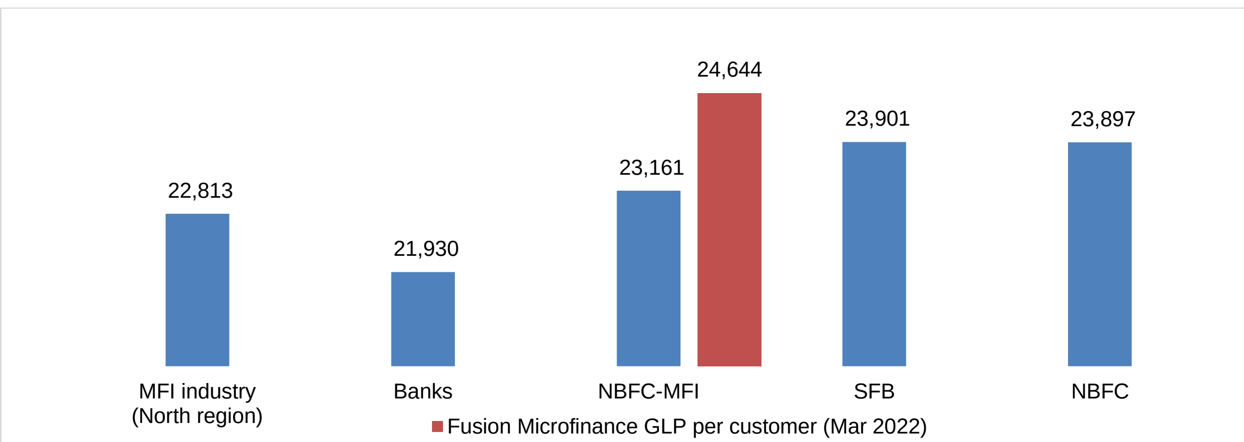


Source: Equifax, MFIN, CRISIL Research

Note: Data includes data for banks lending through JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks' lending through SHG. The amounts are as of the end of the financial year.

Fusion Microfinance's GLP per customer of ₹24,644, is higher as compared to all the player groups in March 2022 indicating better deepening penetration of Fusion Microfinance.

GLP per customer (March 2022)

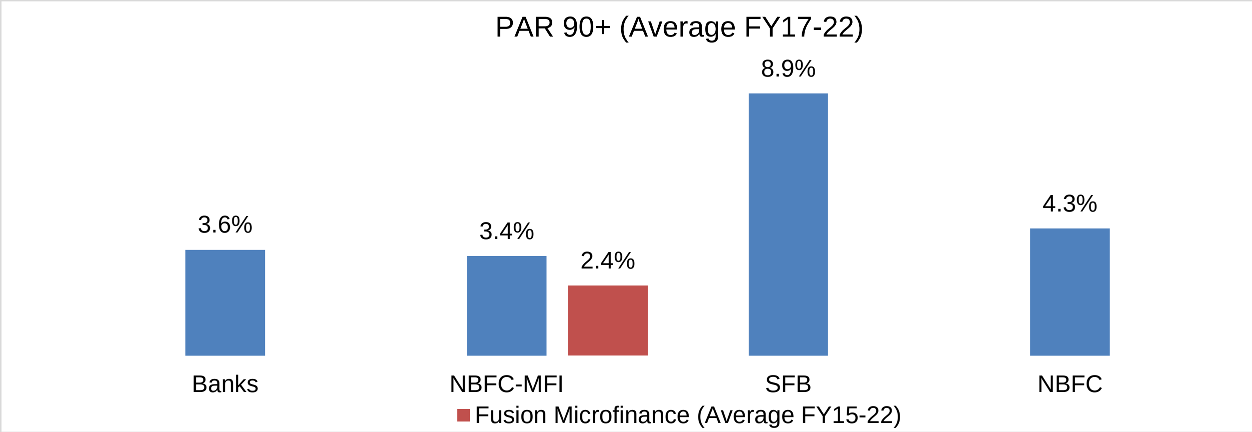


Note: Data includes data for banks' lending through JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks' lending through SHG. The amounts are as of the end of the financial year.

Source: Equifax, MFIN, CRISIL Research

Fusion Microfinance average asset quality of 2.4% is ranked lowest among all player groups in the northern region between the financial years 2015 and 2022. Among player groups, NBFC-MFI PAR 90+ was the lowest followed by banks.

PAR 90+ (Average between FY2015 and FY2022)



Source: Equifax, Company report, CRISIL Research

Notes:

(1) Data includes data for banks' lending through JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. It excludes data for banks lending through SHG. The amounts are as of the end of the financial year.

(2) PAR 90+ includes delinquency beyond 180 days

OUR BUSINESS

We have included various operational and financial performance indicators in this Red Herring Prospectus, many of which may not be derived from our Restated Financial Statements. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. For the purposes of this section, for certain analyses we have used historical methodologies and internal categorizations to enable a consistent representation of our business. Such information may vary from similar information publicly disclosed by us in compliance with applicable regulations in India. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision, and should consult their own advisors and evaluate such information in the context of the Restated Financial Statements and other information relating to our business and operations included in this Red Herring Prospectus.

Unless otherwise indicated, the industry-related information contained in this Red Herring Prospectus is derived from the CRISIL Report dated October 2022 which has been commissioned and paid for by our Company for an agreed fee for the purposes of confirming our understanding of the industry exclusively in connection with the Offer. A copy of the CRISIL Report is available on the website of our Company at https://fusionmicrofinance.com/wp-content/uploads/2022/10/Consent-Letter-CRISIL.pdf. We officially engaged CRISIL Research, a division of CRISIL Limited, in connection with the preparation of the CRISIL Report on March 13, 2021. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant financial year.

Overview

We founded our Company with the core idea of creating opportunities at the bottom of the pyramid, and we do so by providing financial services to unserved and underserved women in rural and peri-rural areas across India. We believe that our network and services have improved accessibility to formal credit at affordable prices, thereby positively impacting the lives of our customers in rural India, and we were one of the youngest companies (in terms of getting an NBFC-MFI licence) among the top NBFC-MFIs in India in terms of AUM as of June 30, 2022, according to CRISIL. In addition, had the fourth fastest gross loan portfolio CAGR of 53.89% between the financial years 2017 and 2021 among the 10 largest NBFC-MFIs in India, according to CRISIL. As of June 30, 2022 and March 31, 2022, 2021 and 2020, our total AUM was ₹73,890.23 million, ₹67,859.71 million, ₹46,378.39 million and ₹36,065.24 million, respectively. We believe we have achieved this through our commitment over the years to our key pillars of growth comprising customer centricity, strategic geographic diversification with a rural focus, embracing technology for growth, emphasis on nurturing and developing our personnel, good corporate governance, stakeholder management and prudent risk management, as well as ability to raise growth capital through the support of marquee investors even during difficult macroeconomic conditions.

We have prioritized organic geographic diversification since our inception in 2010, with a focus on strategic management of state concentration risk by expanding into underpenetrated rural areas that offer significant growth opportunities. As a result, we have achieved a significant footprint across India, where we have extended our reach to 2.90 million active borrowers which were served through our network of 966 branches and 9,262 permanent employees spread across 377 districts in 19 states and union territories in India, as of June 30, 2022. We believe that our significant footprint of active borrowers and branch network puts us in a vantage position to further penetrate and deepen our presence in areas in which we have established branch infrastructure but remain relatively untapped and also to expand into new regions that have significant growth potential. Our extensive and geographically diverse distribution network allows us to offer “last-mile” connectivity to our customers in remote rural areas. According to CRISIL, we had the fourth lowest gross loan portfolio per district and second lowest gross loan portfolio per customer among the top ten NBFC-MFIs in India, for the financial year 2022, demonstrating better diversification and lower risk per customer. As a result of our active management of state concentration, we have been able to maintain low levels of AUM concentration per state despite our growth over the years. As of June 30, 2022, no single state contributed to more than 20.00% of our total AUM, and our proportion of AUM in our five largest states in terms of AUM concentration has further decreased from ₹6,124.90 million or 94.61% of our total AUM as of March 31, 2016 to ₹48,854.21 million or 66.12% of our total AUM as of June 30, 2022.

As of June 30, 2022, our share of AUM from customers in rural areas represented 91.37% of our total AUM. Our focus customer segment is women in rural areas with an annual household income of up to ₹300,000. Our business runs on a joint liability group-lending model, wherein a small number of women form a group (typically comprising five to seven members) and guarantee one another's loans. We believe this model ensures credit discipline through peer support within the group, making our customers prudent in conducting their financial affairs and prompt in repaying their loans. Our key product offerings are income-generating loans that provide capital for women entrepreneurs in rural areas to fund businesses operating in the agriculture-allied and agriculture, manufacturing and production, trade and retail, and services sectors. Subject to certain eligibility criteria, we also offer our existing customers top-up loans to manage interim working capital requirements for existing businesses as well as emergency loans to fund urgent financial needs arising as a result of unforeseen events such as health emergencies, natural disasters and family bereavements. In addition, we offer our existing customers cross-sell loans that are utilized for livelihood and productivity enhancing purposes as well as MSME loans to eligible enterprises.

We believe we have been able to optimize our cost of funds, liquidity requirements and capital management over the years, notwithstanding difficult market conditions, due to our prudent liability management, ability to secure sufficient and diversified borrowings on competitive terms and improving credit ratings. We benefit from a large and diversified mix of 56 lenders comprising a range of public banks, private banks, foreign banks and financial institutions, as of June 30, 2022. According to CRISIL, we had the second highest number of lender relationships among the top 10 NBFC-MFIs in India as of March 31, 2022. We have been able to consistently raise both debt and equity capital over the years and, in turn, have maintained healthy capital adequacy ratios despite challenging environments. Our average effective cost of borrowings have declined at a steady rate and was 10.10%, 10.43%, 11.23% and 12.33% for the three months ended June 30, 2022 and the financial years 2022, 2021 and 2020, respectively. We also have a dedicated ALM committee that regularly reviews and monitors the maturity schedule for all our financial liabilities in accordance with our asset liability management ("**ALM**") policies and guidelines. As a result of our prudent ALM standards, we had favorable asset-liability positions and positive interest rate gaps across all time buckets, as of June 30, 2022. Our long-term credit ratings have improved from a rating of "BBB" by CARE as of March 31, 2017 to a rating of "A-" by CRISIL, CARE and ICRA as of June 30, 2022, making us one of the youngest NBFC-MFIs with such a strong credit rating, according to CRISIL.

We also believe that our robust underwriting processes and risk management policies, such as our extensive customer assessment methodologies and monitoring systems, have resulted in healthy portfolio quality indicators such as low rates of gross NPAs and net NPAs. As of June 30, 2022 and March 31, 2022, 2021 and 2020, our gross NPA ratio was 3.67%, 5.71%, 5.51% and 1.12%, respectively, and our net NPA ratio was 1.35%, 1.64%, 2.20% and 0.38%, respectively.

Technology is an integral part of our overall business strategy. Through our early adoption of cloud computing software and emphasis on best-in-class security practices, we have established a foundation in enabling automation and digitalization of several processes across our business functions including customer onboarding, customer service, loan disbursements, internal audit and risk management. We continue to invest in and upgrade our technology platforms and solutions with the goal of applying a comprehensive "Touch & Tech" model across our operations that focuses on maintaining frequent technology-based communication points that enhance efficiency and customer experience. For the three months ended June 30, 2022 and the financial years 2022 and 2021, all of our customers were onboarded digitally. For the same period/years, our cashless disbursements amounted to ₹18,633.71 million, ₹57,021.11 million and ₹33,033.87 million, representing 96.26%%, 94.38% and 89.86% of our total disbursements for such period/years, respectively. We believe our technology initiatives have and will continue to be instrumental in optimizing operational efficiency, enhancing customer experience and minimizing costs.

We are committed to fostering a workplace culture with high standards of transparency, fiscal accountability, ethical corporate behavior and fairness to all stakeholders. Stemming from our high standards in corporate governance, we have been awarded a score of 96.00% on the Code of Conduct Assessment for MFIs in India, which is measured based on indicators of transparency, client protection, governance, recruitment, client education, grievance redress and data sharing, by M-CRIL, a global leader in the financial rating of microfinance institutions. In addition, we have been awarded the "Gold" Client Protection Certification from the Social Performance Task Force ("**SPTF**") and CERISE in respect of their client protection standards, including product design and pricing, customer care and transparency and customer data privacy. We were also featured on India's "Great Place to Work" list consecutively in the financial years 2021 and 2020, demonstrating our commitment to nurturing talent and creating an enabling environment for our people to grow and excel. We are led by a stable and experienced management team supported by marquee investors and a Board of experienced management professionals, half which are independent directors. Several key members of our senior management team, who have significant expertise and experience in the banking and financial services industry in India, have been with our Company for over five years and have, together, successfully scaled our business with improving profitability. We are led by our Managing Director and Chief Executive Officer, Mr. Devesh Sachdev, who has 26 years of experience in the banking and financial services industry.

We believe that the foregoing has enabled us to successfully scale our operations, maintain consistent growth in AUM and reduce our costs. This has, in turn, facilitated our ability to continue enhancing our operating leverage and increasing profitability despite tough market conditions, including through the current COVID-19 pandemic. The following table sets forth our key financial and operational metrics as of and for the period/years indicated:

	As of and for the Three Months Ended June 30,		**As of and for the Financial Years ended March 31,**		
	2022	**2021**	**2022**	**2021**	**2020**
Particulars	***(₹ in millions, except otherwise indicated)***				
Gross AUM[1]	73,890.23	46,310.91	67,859.71	46,378.39	36,065.24
Period-on-period / year-on-year growth in AUM	59.56%	36.31%	46.32%	28.60%	36.54%
Disbursements[2]	19,830.37	7,614.62	61,797.77	37,102.95	35,740.43
Period-on-period / year-on-year growth in disbursements	160.42%	4,093.53%	66.56%	3.81%	26.72%
Active borrowers[3] *(numbers in millions)*	2.90	2.16	2.72	2.12	1.87
Total income[4]	3,604.47	2,649.58	12,013.49	8,730.88	7,303.11
Pre-provision operating profit before tax[5]	1,201.93	745.97	3,931.19	2,775.71	1,926.94
Profit for the period/year[6]	751.02	44.11	217.55	439.44	696.10
Net interest income[7]	1,846.67	1,245.93	5,606.67	4,308.93	3,123.00
Net interest margin[8]	–	8.70%	8.39%[21]	9.22%	8.85%
Average yield on loan portfolio[9]	19.48%	19.53%	18.82%	20.45%	21.18%
Average effective cost of borrowings[10]	10.10%	10.83%	10.43%	11.23%	12.33%
Cost to income ratio[11]	44.68%	47.30%	44.27%	44.26%	50.92%
Gross NPA ratio[12]	3.67%	6.19%	5.71%	5.51%	1.12%
Net NPA ratio[13]	1.35%	2.81%	1.64%	2.20%	0.38%
Impairment allowance coverage ratio[14]	96.57%	119.63%	100.54%	111.49%	255.50%
CRAR[15]	21.13%	27.16%	21.94%	27.26%	35.82%
CRAR – Tier I [16]	19.45%	25.17%	19.93%	25.52%	33.08%
Debt to equity ratio[17] *(times)*	4.24	3.53	4.32	3.56	2.48
Net worth[18]	14,164.65	12,516.51	13,379.51	12,463.55	11,988.89
Return on average net worth[19]	21.81%	1.41%	1.68%	3.59%	7.63%
Return on average gross AUM[20]	4.24%	0.38%	0.38%	1.07%	2.23%

Notes:

(1) Gross AUM represents the aggregate of principal outstanding for all loans to customers and assets pertaining to securitization, assignment and business correspondent portfolio, as of the last day of the relevant period/year.

(2) Disbursements represent the aggregate of all loan amounts extended to all our customers for the relevant period/year.

(3) Active borrowers refers to our borrowers which had an active account as of the last day of the relevant period/year.

(4) Total income represents our total income for the relevant period/year.

(5) Pre-provision operating profit before tax represents the sum of profit before tax for the relevant period/year and impairment on financial instruments for such period/year derived from our Restated Financial Statements. For a detailed calculation of our pre-provision operating profit before tax, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 324.

(6) Profit for the period/year represents profit for the relevant period/year.

(7) Net interest income represents interest income on portfolio for the relevant period/year reduced by finance costs for such period/year derived from our Restated Financial Statements.

(8) Net interest margin represents net interest income for the relevant period/year as a percentage of average loans to customers for such period/year. Average loans to customers represents the simple average of our loans to customers as of the last day of the relevant period/year and that as of the last day of the previous year derived from our Restated Financial Statements.

(9) Average yield on loan portfolio represents interest income earned for the relevant period/year as a percentage of monthly average loan portfolio outstanding for such period/year.

(10) Average effective cost of borrowings represents finance cost as a percentage of average outstanding borrowing for the relevant period/year.

(11) Cost to income ratio represents operating expenses (which comprises the aggregate of employee benefits expense, depreciation and amortization and other expenses) as a percentage of total income less finance costs for the relevant period/year derived from our Restated Financial Statements. For a detailed calculation of our cost to income ratio, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 329.

(12) Gross NPA ratio represents Stage III Assets (Gross NPAs) as of the last day of the relevant period/year as a percentage of term loans (gross) for such period/year derived from our Restated Financial Statements.

(13) Net NPA ratio represents Stage III Assets (Gross NPAs) as of the last day of the relevant period/year as reduced by impairment allowance on Stage III Assets (Gross NPAs) for such period/year, as a percentage of term loans (gross) for such period/year derived from our Restated Financial Statements.as of the last day of the relevant period/year.

(14) Impairment allowance coverage ratio represents the ratio of total impairment allowance on term loans (gross) derived from our Restated Financial Statements to Stage III Assets (Gross NPAs) for the relevant period/year.

(15) CRAR represents our total capital (Tier I and Tier II capital) divided by our total risk-weighted assets, calculated in accordance with RBI guidelines. Tier I capital means owned funds 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 subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund.

(16) CRAR – Tier I represents our total Tier I capital divided by our total risk-weighted assets, calculated in accordance with RBI guidelines.

(17) Debt to equity ratio represents our total borrowings divided by total equity attributable to shareholders as of the last day of the relevant period/year derived from our Restated Financial Statements. Total borrowings represents the sum of debt securities, borrowings (other than debt securities) and subordinated liabilities as of the last day of the relevant period/year derived from our Restated Financial Statements. For a detailed calculation of our debt to equity ratio, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 327.

(18) Net worth represents our total equity, which includes equity share capital and other equity derived from our Restated Financial Statements as of the last day of the relevant period/year. For a detailed calculation of our net worth, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 324.

(19) Return on average net worth represents profit for the relevant period/year as a percentage of average net worth for such period/year. For a detailed calculation of our return on average net worth, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 326.

(20) Return on average gross AUM represents profit for the relevant period/year as a percentage of average gross AUM for such period/year. For a detailed calculation of our return on average gross AUM, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 326.

(21) Net interest margin for the financial year 2022 was subject to interest reversals as a result of the COVID-19 pandemic on PAR>90 assets.

Competitive Strengths

Well Diversified and Extensive Pan-India Presence

As of June 30, 2022, we had 2.90 million active borrowers which were served by our 966 branches and 9,262 employees spread across 377 districts in 19 states and union territories in India. We believe our extensive geographic presence puts us in a vantage position to lend across the country in a scalable manner while maintaining low operating costs, helps us mitigate any risks arising from economic, political, cultural or environmental factors particular to a specific region, and allows us to offer "last-mile" connectivity to our customers in even the most remote areas.

We believe that prioritizing organic diversification since our inception and focusing on developing our experience in difficult markets, especially across North India, have enabled us to experience sustained growth over the last few years as we continuously venture into new states. Between March 31, 2016 and June 30, 2022, our number of active borrowers grew at a CAGR of 33.63% and our number of branches grew at a CAGR of 31.92%. As a result of our expansion efforts, as of June 30, 2022, no single state contributed to more than 20.00% of our total AUM, and our proportion of AUM in our five largest states in terms of AUM concentration has further decreased from ₹6,124.90 million or 94.61% of our total AUM as of March 31, 2016 to ₹48,854.21 million or 66.12% of our total AUM as of June 30, 2022. Similarly, our proportion of AUM in our 50 largest districts in terms of AUM has also decreased over the years from ₹5,670.70 million or 87.59% of our total AUM as of March 31, 2016 to ₹28,027.94 million or 37.93% of our total AUM as of June 30, 2022. We typically invest in branch infrastructure and assets upfront upon entering a new state. We believe this enables us to leverage our existing infrastructure and knowledge of the local landscape, thereby positioning us well to further penetrate and diversify our operations within our existing markets more efficiently and, in turn, benefit from the economies of scale.

According to CRISIL, we had the fourth lowest gross loan portfolio per district and second lowest gross loan portfolio per customer among the top ten NBFC-MFIs in India, for the financial year 2022. The following table sets forth the breakdown of our share of branches, active borrowers and AUM, by state/union territory, as of the dates indicated:

State	As of June 30,					
	2022,			2021,		
	Branches	Active Borrowers	AUM	Branches	Active Borrowers	AUM
1. Bihar	13.98%	19.24%	19.15%	14.36%	18.08%	18.06%
2. Uttar Pradesh	18.74%%	18.30%	19.24%	13.29%	16.33%	16.96%
3. Odisha	9.73%%	11.85%	11.42%	11.28%	13.70%	13.31%
4. Madhya Pradesh	10.46%%	9.04%	9.14%	12.08%	9.74%	9.14%
5. Tamil Nadu	9.11%%	7.72%	7.17%	8.99%	6.85%	6.82%
6. Punjab	4.45%	6.70%	6.54%	4.70%	7.62%	8.08%
7. Rajasthan	9.63%	6.66%	6.72%	9.26%	5.60%	5.60%
8. Haryana	4.35%	5.04%	5.29%	4.83%	6.37%	6.77%
9. Jharkhand	4.24%	5.13%	4.78%	4.70%	4.78%	4.67%
10. Uttarakhand	2.07%	2.44%	2.63%	2.28%	2.63%	2.81%
11. Gujarat	3.73%	2.39%	2.28%	3.36%	2.03%	1.95%
12. Chhattisgarh	3.11%	2.01%	1.98%	3.76%	1.80%	1.69%
13. West Bengal	1.55%	1.76%	1.53%	2.01%	2.00%	1.75%
14. Delhi	0.72%	0.13%	0.70%	0.67%	0.10%	0.48%
15. Maharashtra	0.72%	0.65%	0.65%	0.94%	0.63%	0.55%
16. Himachal Pradesh	0.83%	0.39%	0.39%	0.54%	0.33%	0.36%
17. Puducherry	0.31%	0.27%	0.25%	0.27%	0.24%	0.22%
18. Assam	2.07%	0.27%	0.14%	2.68%	1.17%	0.78%
19. Jammu & Kashmir	0.20%	0.01%	0.00%	-	-	-
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

State	As of March 31,								
	2022			2021			2020		
	Branches	Active Borrowers	AUM	Branches	Active Borrowers	AUM	Branches	Active Borrowers	AUM
1. Bihar	14.03%	18.98%	18.65%	14.21%	18.17%	18.25%	13.45%	19.51%	18.93%
2. Uttar Pradesh	18.63%	17.32%	18.12%	13.10%	16.38%	16.93%	13.45%	16.26%	16.72%
3. Odisha	9.74%	12.04%	11.60%	11.59%	13.86%	13.50%	14.12%	14.62%	13.69%
4. Madhya Pradesh	10.17%	9.33%	9.31%	12.28%	9.99%	9.45%	13.11%	11.18%	10.22%
5. Tamil Nadu	8.89%	7.89%	7.66%	8.69%	6.48%	6.40%	7.55%	4.30%	5.08%
6. Punjab	4.60%	6.86%	6.84%	4.69%	7.49%	7.80%	5.21%	7.24%	8.48%
7. Rajasthan	9.85%	6.63%	6.76%	8.83%	5.45%	5.61%	6.22%	4.28%	4.28%
8. Haryana	4.50%	5,41%	5.70%	4.97%	6.42%	6.74%	5.04%	6.56%	7.58%
9. Jharkhand	4.39%	5.09%	4.70%	4.83%	4.75%	4.60%	4.71%	4.93%	4.47%
10. Uttarakhand	2.03%	2.49%	2.68%	2.21%	2.66%	2.90%	2.35%	2.64%	3.02%
11. Gujarat	3.64%	2.39%	2.27%	3.45%	1.90%	1.81%	2.69%	1.52%	1.46%
12. Chhattisgarh	3.21%	1.95%	1.94%	3.86%	1.84%	1.75%	3.70%	1.71%	1.64%
13. West Bengal	1.61%	1.81%	1.56%	2.07%	2.04%	1.79%	2.51%	2.26%	1.98%
14. Delhi	0.75%	0.12%	0.71%	0.69%	0.12%	0.48%	0.67%	0.11%	0.17%
15. Maharashtra	0.75%	0.65%	0.64%	0.97%	0.68%	0.62%	1.18%	0.75%	0.66%
16. Himachal Pradesh	0.75%	0.37%	0.38%	0.55%	0.30%	0.32%	0.34%	0.24%	0.30%
17. Puducherry	0.32%	0.27%	0.26%	0.28%	0.24%	0.22%	0.17%	0.22%	0.21%
18. Assam	2.14%	0.39%	0.20%	2.76%	1.23%	0.83%	3.53%	1.68%	1.10%
19. Jammu & Kashmir	-	-	-	-	-	-	-	-	-
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

We have a strong focus on reducing state concentration risk through contiguous expansion into new states and widening our reach into untapped markets in a strategically controlled manner, see "— *Strategies — Deepen, Strengthen and Expand Geographic Presence*" on page 180. Our gross loan portfolio in North India grew at a CAGR of 56% between the financial year 2015 and the financial year 2022, outperforming the overall industry CAGR in the region of 58% over the same period, according to CRISIL. Further, according to CRISIL, our number of customers grew at a CAGR of 43% between the financial year 2015 and financial year 2022, which was the highest growth rate among all NBFC-MFIs operating in North India. We believe that entering these markets at an early stage has enabled us to maximize both consumer mindshare and market share as well as develop a deeper understanding of the needs of the customers in these areas, as compared to our peers.

Proven Execution Capabilities with Strong Rural Focus

We believe that we have been able to achieve significant success with our growth strategy of targeting underserved and underpenetrated rural areas in both our existing markets and new geographies. We have a long history of serving rural markets with high growth potential in the microfinance segment, and have maintained a track record of financial performance and operational efficiency through consistently high rates of customer acquisition and retention and low-cost expansion into underpenetrated areas. Our total AUM grew at a CAGR of 37.17% from ₹36,065.24 million as of March 31, 2020 to ₹67,859.71 million as of March 31, 2022, and was ₹73,890.23 million as of June 30, 2022. Through such growth, we have achieved a consistent reduction in our cost to income ratio from 63.35% for the financial year 2019 to 44.27% for the financial year 2022 and further to 44.68% for the three months ended June 30, 2022, which we attribute to being able to derive benefits of operating leverage in our business and digitization. According to CRISIL, our cost to income ratio witnessed the highest decline of almost 19% between the financial year 2019 and the financial year 2022 among the top ten NBFC-MFIs, and we had the fourth lowest gross loan portfolio per district and second lowest gross loan portfolio per customer among the top ten NBFC-MFIs in India, for the financial year 2022. We have also achieved improving customer retention rates of 71.75%, 70.00%, 68.99% and 47.43% for the three months ended June 30, 2022 and the financial years 2022, 2021 and 2020, respectively, which we attribute to our superior customer services and commitment to proactively address the specific needs of each individual across our large customer base. According to CRISIL, we had the third highest growth in number of customers among the top ten NBFC-MFIs in India in the financial year 2022.

Over the last decade, we have built a deep rural franchise in the microfinance segment. As of June 30, 2022, 2.05 million or 70.77% of our total customers, 696 branches or 72.05% of our total branches, and ₹67,511.99 million or 91.37% of our total AUM, were from rural areas. We believe our connection with our rural customers, in particular, has been largely driven by our focus on continuously deepening our understanding of the financial needs of the rural customer segment and commitment to consistent engagement with the communities we serve. For example, we undertake various community development programs every year that cover topics such as financial literacy, health and safety, hygiene, medical care and education. We believe these initiatives serve as a foundation for our growth by strengthening our credibility as a trustworthy, reliable and responsible long-term lender as well as helping us in our continuous efforts to improve and tailor our offerings to our customers' needs. Further, we have implemented robust technology platforms that we believe have significantly enhanced accessibility for, and addressed the borrowing challenges faced by, a rural customer base that is quite large and typically lives in remote locations. We believe our digital capabilities, which currently facilitate online onboarding, paperless loan processing, seamless cashless disbursements, cashless collections, timely query resolution and access to online financial literacy resources, among other things, have allowed us to realize our vision of delivering a superior "Touch & Tech" customer experience.

We believe that our customer-centric model and our ability to leverage our extensive distribution network and deep-rooted presence in rural markets across India, makes us well placed to offer an increasing variety of financial products in areas where financial services penetration remains limited, see "*– Strategies – Leverage our Network, Domain Expertise and Data to Enhance Product Offering*" on page 181. We believe that our focus on lending to customers in rural areas helps improve our customer risk profile. According to CRISIL, in addition to having less competition, lower credit penetration and less migration, rural areas also benefit from overall better credit behaviors and, in turn, lower delinquency rates. We also believe that, because our operations are focused on rural and peri-rural areas, we have not been as adversely affected by the current COVID-19 pandemic as compared to other lenders with relatively larger urban or semi-urban operations. According to CRISIL, during the second half of the financial year 2021, loan disbursements in the microfinance industry had reverted to pre-COVID levels. According to CRISIL, disbursements in the microfinance industry surpassed pre-COVID-19 levels in the second half of financial year 2022. See "*Risk Factors – Internal Risks – Risks Relating to our Business – The extent to which the Coronavirus disease ("COVID-19") may affect our business and operations in the future is uncertain and cannot be predicted.*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Current COVID-19 Pandemic*" on pages 27 and 338, respectively.

Access to Diversified Sources of Capital and Effective Asset Liability Management

Over the years, we have adopted a calibrated approach towards diversifying our fund raising sources and minimizing our costs of borrowings with prudent asset liability management and effective liquidity management. Our average effective cost of borrowings have declined at a steady rate and was 10.10%, 10.43%, 11.23% and 12.33% for the three months ended June 30, 2022 and the financial years 2022, 2021 and 2020, respectively. We believe that our focus on building a healthy balance sheet with a good mix of assets, liability and equity and a positive net asset position has enabled us to overcome various negative market conditions in the past.

We benefit from a large and diversified mix of lenders which has increased over the years and included 56 lenders as of June 30, 2022, comprising a range of public banks, private banks, foreign banks and financial institutions to meet our capital requirements. We have been continuously widening our lender pool with the aim of adding different types of lender every year. According to CRISIL, we had the second highest number of lender relationships among the top 10 NBFC-MFIs in India as of March 31, 2022. The following table sets forth the breakdown of our share of total borrowings by lender type, as of the dates indicated:

	As of June 30,		As of March 31,		
Particulars	**2022**	**2021**	**2022**	**2021**	**2020**
Banks:					
Development financial institutions[(1)]	11.29%	11.52%	13.42%	13.66%	13.20%
Public banks	13.07%	10.61%	13.36%	10.88%	5.02%
Private banks	38.77%	38.40%	40.24%	37.46%	38.91%
Foreign banks	16.05%	17.76%	15.07%	16.83%	21.21%
Subtotal for banks	**79.18%**	**78.30%**	**82.10%**	**78.83%**	**78.34%**
Foreign portfolio investors[(2)]	**9.97%**	**13.95%**	**8.77%**	**13.92%**	**12.16%**
NBFCs	**10.85%**	**7.75%**	**9.13%**	**7.25%**	**9.50%**
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Notes:

(1) Development financial institutions ("**DFIs**") are institutions endorsed or supported by the Government of India primarily to provide development or project finance to one or more sectors of the economy.

(2) Through investments in non-convertible debentures ("**NCDs**") issued by our Company.

We have a judicious ALM policy that carefully monitors the contractual maturity periods of all assets and liabilities. In addition, we generally seek to ensure that the average maturity of our liabilities are higher than the average maturity of our assets by sourcing funding with larger repayment cycles than the loans we provide. As of June 30, 2022 and March 31, 2022, 2021 and 2020, the average maturity of our assets was approximately 18 months, 20 months, 19 months and 17 months, respectively, and the average maturity of our liabilities was approximately 22 months, 22 months, 24 months and 23 months, respectively. As a result of our prudent ALM standards, we had favorable asset-liability positions and positive interest rate gaps across all time buckets, as of June 30, 2022. According to CRISIL, liquidity has been one of the biggest challenges faced by financial institutions in India over the last few years. NBFC-MFIs, in particular, have been adversely affected by the demonetization of banknotes in 2016, the IL&FS crisis in mid-September 2018, and more recently, the ongoing global COVID-19 pandemic, which adversely affected funding access for various NBFCs. During these challenging times, we were able to raise equity from Honey Rose, which is directly owned by certain private equity funds managed by Warburg Pincus LLC, one of our marquee investors, amounting to ₹6,600.00 million. We believe we have been able to successfully navigate through all these crises through our liquidity and interest rate risk management and prudent approach to ALM.

Through the continued support of our lenders and investors, we have been able to raise ₹108,530.92 million in debt as well as ₹5,727.02 million in equity over the last three financial years and three months ending June 30, 2022, despite volatility across the financial services industry during this period. As such, we have consistently maintained healthy capital adequacy ratios and, as of June 30, 2022, March 31, 2022, 2021 and 2020, our CRAR was 21.13%, 21.94%, 27.26% and 35.82%, respectively, which were well above the requirement of 15.00% for NBFCs prescribed by the RBI, and our debt to equity ratio (in times) was 4.24, 4.32, 3.56 and 2.48, respectively. According to CRISIL, we had the third lowest CRAR and debt to equity ratio among the top ten NBFC-MFIs in the financial year 2022. We believe that our proactive approach in preserving financial flexibility by monitoring liquidity in the market, ensuring that we have sufficient cash flows from operations and diversifying our access to available capital sources has enabled us to navigate uncertain economic conditions. As of June 30, 2022, we maintained a comfortable liquidity buffer of ₹6,738.13 million, which included ₹5,987.93 million in cash balances.

Further, our access to diversified and cost-effective debt financing is also attributable to our stable credit history and improving credit ratings. Our consistent rating upgrades have expanded our lenders to include reputable banks, such as State Bank of India, Bank of Baroda, Bank of Maharashtra, ICICI Bank, HDFC Bank, Indian Bank, Union Bank of India and Citibank, and financial institutions, such as CDC Group, Bajaj Finance and Sundaram Finance. CARE Advisory Research and Training Ltd. has assigned us a grading of "MFI 1" or "MFI One", which is the highest available grading on an eight point scale. In addition, our long-term credit ratings have improved from a rating of "BBB" by CARE as of March 31, 2016 to a rating of "A-" by CRISIL, CARE and ICRA as of June 30, 2022, making us one of the youngest NBFC-MFIs with such a strong credit rating, according to CRISIL. For more details on our grading and credit ratings, see "– *Description of our Business – Grading and Credit Ratings*" on page 196.

In spite of difficult market conditions, we have been able to optimize our cost of funds and raise both equity and debt financing as required over the years. We believe this is due to our strategic liability management, continuous engagement through transparent communication and reporting, as well as improving credit ratings and stable credit history, and that this will continue to provide us a competitive advantage when borrowing funds for our future growth and operations.

Robust Underwriting Process and Risk Management Policies

We believe that our robust risk management policies and underwriting processes, such as our extensive customer assessment methodologies and monitoring systems, have resulted in healthy portfolio quality indicators. As of June 30, 2022 and March 31, 2022, 2021 and 2020, our gross NPA ratio was 3.67%, 5.71%, 5.51% and 1.12%, respectively, and our net NPA ratio was 1.35%, 1.64%, 2.20% and 0.38%, respectively. According to CRISIL, we had the sixth lowest gross NPA ratio among the top 10 NBFC-MFIs in India during the financial year 2022, and our average asset quality of 2.4% between the financial year 2015 and financial year 2022 was the lowest among all NBFC-MFIs operating in North India.

Our risk management division is divided into separate teams that are respectively dedicated to managing and mitigating credit risk, market risk and operational risk, and which are subject to oversight by our Risk Management Committee and our Board of Directors. Our customer due diligence procedures encompass multiple levels of checks and controls designed to assess the quality of customers and to confirm that they meet our stringent selection criteria, and include comprehensive evaluation of repayment capacity and detailed cash flows analysis of the customer as well as thorough group training sessions and knowledge testing. We utilize credit bureau data to verify customer details and obtain information on past credit behavior. Further, we employ proactive practices that involve frequent evaluations of portfolio risk levels on a periodic basis and rigorous monitoring and analysis of cash disbursements and collection, roll rates and customer retention at both branch and head office levels, which minimize the incidence of bad debts.

We are further supported by our robust internal controls and processes as well as advanced technology solutions from leading vendors, which we believe ensure proper loan appraisals and sound portfolio management. Our internal audit team is supervised by our Audit Committee, which is responsible for monitoring and evaluating internal controls and ensuring statutory and regulatory compliance, and our Board of Directors. The technology solutions we employ include real-time integration with credit bureaus and instant credit checks, loan monitoring systems and geotagging functions. We also periodically review our standards of procedures and continuously strengthen our audit coverage to ensure that all material transactions and business initiatives are thoroughly reviewed, with the goal of ensuring that asset quality is not compromised as a result of growth. For more details, see "– *Description of our Business – Our Lending Process – Customer due diligence*" and "– *Description of our Business – Risk Management*" on pages 190 and 192, respectively.

Technologically Advanced Operating Model

We have followed a well-defined IT strategy since our inception with clear targets that we regularly review and revise in order to remain at the forefront of the dynamic and fast-evolving nature of business technology. We have utilized a loan origination system since the disbursement of our very first loan in 2010 and, through our technology transformation over the years, we have automated and digitized various customer acquisition and customer service functions. For further details, see "– *Description of our Business – Technology and Digital Platforms*" on page 197.

Our current platforms support mobile customer onboarding, paperless loan processing, real-time application tracking using barcodes, real-time credit checks, cloud computing, integrated credit bureau data collection, comprehensive online grievance redressal, geographic tagging for center meetings and real time notifications to customers. We adopted cloud computing software as early as 2013, which has provided us with agility, flexibility and improved collaboration in scaling our business in a cost efficient manner. We believe we are one of the first few MFIs to launch a mobile-based customer platform, and we are in the process of implementing advanced artificial intelligence ("**AI**") and machine learning ("**ML**") mechanisms across our operations. Shakti, our centralized online real-time environment ("**CORE**") lending system, is a multi-product digital platform providing end-to-end solutions on both our web and mobile platforms. Shakti enables, among other things, real time integration through open API architecture with credit bureaus, bank partners and other third-party systems that facilitate seamless customer information validation and cashless collections.

Our technology investments and initiatives over the years have yielded substantial increases in digital customer onboardings and online disbursements as well as a decrease in turnaround times. For the three months ended June 30, 2022 and the financial year 2022, all of our customers were onboarded digitally, and our share of cashless disbursements in total disbursements was 96.27% and 94.38%, respectively, while our average turnaround time for loan approvals decreased from approximately 13.2 days for the financial year 2016 to 5.1 days for the financial year 2022 and further to 3.9 days for the three months ended June 30, 2022.

In addition, as cyber security continues to become increasingly important in the face of rapid digitization, we have also implemented systems that protect our users through VPN, web-application firewalls, advanced threat protection, vulnerability assessment and penetration testing ("**VAPT**"), device encryption, data loss prevention, endpoint detection and secure video conferences. Our technology ecosystem enabled over 5000 of our employees to easily and securely migrate to and continue working from home and allowed us to maintain connectivity with our extensive customer base during the COVID-19-related lockdowns in India.

Stable and Experienced Management Team Supported by Marquee Investors

Our Company was founded by Mr. Devesh Sachdev, a first-generation entrepreneur who has 26 years of experience in the banking and financial services and logistics industry. As a result of his strategic vision and focus on building a culture that fosters growth, attracts talent and encourages long-term thinking, our Company has grown to become a significant contributor to financial inclusion in India. Over the years, we have greatly focused on attracting and building a talent powerhouse as we believe that our people are key to our success as an MFI. Our senior management team comprises experts and professionals heading various functions with an average of 17 years of leadership experience in their respective fields. Several key members of our senior management team have been with our Company for over four years, have a diverse mix of domain expertise in banking, financial services and insurance ("**BFSI**") and large corporates, as well as experience in building scale and managing various business cycles. Further, our operations in almost all our states are headed by individuals who began their careers at our Company and have risen from rank and file to achieve leadership roles at our Company. Together, our teams have amalgamated the conventions of the microfinance model with the characteristics of a new age retail model that aims to build and leverage scale, enhance operational efficiency, ensure better customer satisfaction and maintain robust checks and balances in adherence with established guidelines.

We also benefit from support of marquee investors, including Warburg Pincus LLC, a leading private equity firm focused on growth investing across several sectors, and Creation Investments Fusion, LLC, a leading alternative investment management company with a focus on private equity and private credit investments in emerging market financial services companies serving underserved and underbanked clients, both of whom are now our Promoters.

Further, we are committed to actively monitoring, evaluating and refining the corporate governance practices throughout our organization. We are led by a Board of experienced management professionals, half of which are independent directors. We strive to maintain governance practices that are based on high standards of transparency, fiscal accountability, ethical corporate behavior and fairness to all stakeholders. Over the last decade, our Company has been audited by members of one of the larger accounting firms. Stemming from our high standards in corporate governance, we have been awarded a score of 96.00% on the Code of Conduct Assessment for MFIs in India, which is measured based on indicators of transparency, client protection, governance, recruitment, client education, grievance redress and data sharing, by M-CRIL, a global leader in the financial rating of microfinance institutions.

Strategies

Deepen, Strengthen and Expand Geographic Presence

We strive to be a low-cost, lean and efficient pan-India MFI that leverages technology and our existing distribution network to channel our products and services. We plan to further grow our business operations by mining deeper and attracting new customers in our existing markets that remain relatively untapped as well as by entering new regions where borrowers are underserved and there is lower penetration by microfinance companies. We believe that our diversified pan-India presence and branch network with a largely rural-focused AUM of ₹67,511.99 million, representing 91.37% of our total AUM, as of June 30, 2022, comprehensive end-to-end customer life cycle management framework through technology, proven risk management policies, governance, and robust operating platform provide us with significant competitive advantages in carrying out our expansion plans.

We believe that our existing customers serve as a foundation of our future growth and seek to prioritize their requirements and customize our offerings to provide them with optimal solutions at their doorstep. We will continue to offer them privileges such as pre-qualification for preferential interest rates, streamlined loan processing and lower turnaround times, and access to additional products such as our emergency, top-up and cross-sell loan products. We believe that this will enable us to continue to achieve high customer retention rates and increase revenue from our existing customer base. In addition, according to CRISIL, we have established a presence in several states where penetration remains low, including Uttar Pradesh, Bihar and Madhya Pradesh. Further, according to CRISIL, we had the second lowest number of branches per district among the top 10 NBFC-MFIs as of March 31, 2022, indicating large potential for us to mine deeper into our existing states. We believe that focusing on increasing customer penetration in these relatively untapped markets will enable us to grow our presence while at the same time benefit from substantial operational efficiencies and lower expansion costs. Further, we typically invest in branch infrastructure upfront as we believe that developing our branch assets in this manner will eventually contribute to scale at higher profit margins by enabling us to optimize the full use of each branch in terms of customers, employees, ticket size and AUM per branch as our business grows.

In addition, we generally seek to establish new branches in areas that are adjacent to our existing markets or which may have similar customer demographics and financing needs. In selecting a new business location, we utilize our well-tested area selection analysis which involves a systematic methodology that takes into account various key parameters such as demand for credit in the area, income levels and literacy rate of the local population, competition and market potential, economic status of the region including accessibility of internet and mobile connectivity and post offices, road access, and connectivity to important locations such as banks, schools and hospitals, as well as political, socio-economic, regulatory and other risks. We believe this allows us to identify markets where we can most easily replicate our business models. We have established 690 new branches across 19 states over the last five years, and seek to maintain this rate of expansion over the next few years. We are also able to obtain customized credit portfolio reports from multiple credit bureaus, which provide substantial insight into the performance of our asset portfolio in each district and state against our peers, helping us understand delinquency and loan cycle patterns as well as the leverage position and repayment trends of individual borrowers. We use this tool to more accurately and efficiently identify locations that show growth potential and those that pose significant risks, thereby enabling us to make significantly more informed decisions when determining promising areas for business expansion and restricting growth in geographies where we can pre-empt issues in portfolio quality.

Continue to Invest in Technology to Enhance Operational Efficiency and Optimize Costs

We believe in innovating and investing in state-of-the-art technology to assist us to provide a superior customer experience, attain greater operational and management efficiencies and productivity as well as ensure asset quality, which will, in turn, drive growth in AUM and profitability. We endeavor to employ a comprehensive "Touch & Tech" model across all our operations that focuses on maintaining frequent technology-based communication points that enhance efficiency and customer experience.

We plan to continue automating and digitizing various aspects of our business, which we believe would allow us to identify and capitalize on cross-selling and upselling opportunities, improve our understanding of customer behavior, develop and implement customer targeting and product personalization strategies, and enhance customer service using predictive analytics. We are in the process of implementing next-generation technologies robotic process automation ("**RPA**"), which we expect will significantly increase the efficiency and accuracy of various business processes relating to loan applications and approvals, including via robotic validation of KYC documents, data entry validations/corrections, credit health checks and enterprise resource planning ("**ERP**") software, which we expect will enable us to unify and integrate business processes across multiple departments and stakeholders, resulting in higher productivity and efficiency. In 2020, we implemented an "Audit 360" platform which enables constructive and real time reviews of portfolio performance, leading to quicker remedial action where necessary. We are in the process of setting up a data analytics platform for designing and building real-time dashboards and business performance score cards to facilitate proactive decision making, performance monitoring, and regulatory and compliance reporting. We believe that the accurate and timely collection of such data through robust technology systems will enable us to respond swiftly to market opportunities and challenges, improve the quality of services, develop better credit procedures, scale-up our risk management capabilities, optimize our operating costs and improve our operational efficiency. As of June 30, 2022, we had capital expenditures amounting to ₹30.76 million committed to further investments in technology.

We also plan to continue investing in improving our overall IT infrastructure to ensure we can facilitate seamless business continuity, cloud adoption and work-from-home solutions. We also plan to continue organizing digital literacy programs in the rural communities that we serve which aims to educate customers on various modes of cashless transactions and digital payments. As we expand our geographic reach and scale, we intend to further develop and invest in our technology to support our growth, improve the quality of our services and achieve superior turnaround time in our operations.

Leverage our Network, Domain Expertise and Data to Enhance Product Offering

While we intend to continue to focus on our core business of providing microfinancing services, we believe additional products and cross-selling opportunities also help strengthen our relationship with our customers and enable higher customer retention. We plan to leverage our large branch network and deep understanding of rural customers, as well as harness the scale and loyalty of our customer base that we have built throughout rural India, to offer additional financing products to existing customers who have a positive track record of loan repayment. We expect to derive benefits from economies of scale as there is limited incremental sourcing cost for existing customers, and they are eligible to borrow higher loan amounts from us since they have progressed to higher loan cycles. We believe this strategy serves as an effective mitigation mechanism from potential interest rate volatility and would contribute to our profitability.

We seek to develop new product adjacencies based on the needs of our customers and that complement our existing loan categories. In particular, we believe that our large customer base provides significant opportunities from increased cross-selling and up-selling of products and services. We plan to continue utilizing our distribution channel to provide other financial products and services under the microfinance umbrella to our customers with good credit histories such as for the purchase of livelihood and productivity enhancing products including mobile handsets, bicycles and kitchen appliances.

Continue to Diversify Borrowing Mix and Reduce Cost of Funds

We believe that we have been able to access a wide range of lenders and reduce our average cost of funds over the years due to our good corporate governance, stable credit history, superior credit ratings, conservative risk management policies, strategic liability management and transparent communication and reporting. We plan to continue diversifying our funding mix and further optimize our cost of funds.

As we continue to grow the scale of our operations, we are focused on maintaining an adequate liquidity buffer and plan to further increase our lender base to access funds from insurance, pension and provident funds, mutual funds, overseas lenders as well as external commercial borrowings ("**ECBs**") though the issuance of NCDs and commercial papers. We already have existing borrowing arrangements with a large number of lenders and continuously engage with new institutions through which we may further diversify our sources of borrowings. Since our inception, we have onboarded a range of public banks, private banks, foreign banks and NBFCs to diversify our lending profile, thereby de-risking our Company from an over dependence on any single fund source category. Further, we intend to continue to evaluate opportunities to securitize or assign loans to financial institutions, which we expect would enable us to optimize our cost of funds and liquidity requirements, capital management and asset liability management. We have been able to raise ₹108,780.92 million in debt as well as ₹5,727.02 million in equity over the last three financial years and three months ending June 30, 2022.

We intend to continue to focus on improving asset liability management and achieving positive interest rate gaps across all time buckets. We believe that these initiatives will enable us to continue to improve our credit ratings and reduce our cost of funds.

Responding to Challenges Posed by the COVID-19 Pandemic

The outbreak of COVID-19 was declared a global pandemic on March 11, 2020 by the World Health Organization. It continues to spread across the globe and has since affected the world economy including India, leading to significant volatility and a decline in financial markets and general economic activity. See also "*Risk Factors – Internal Risks – Risks Relating to our Business – The extent to which the Coronavirus disease (COVID-19) may affect our business and operations in the future is uncertain and cannot be predicted.*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Current COVID-19 Pandemic*" on pages 27 and 338, respectively.

We have taken a number of steps to address the challenges posed by COVID-19, including the following:

Business continuity planning

In response to the COVID-19 pandemic, we implemented several measures in adherence with all applicable guidelines and regulations issued during the beginning of the pandemic by the Government of India and by the states in which we operate. In order to protect the health and safety of our employees with minimal disruption in our operations, all our employees at our registered and head offices as well as our branches, were moved to a work-from- home model. Due to our consistent investments in technology, our customer management, loan management and accounting systems are maintained on the cloud, and we have been able to easily migrate to a work-from-home model as needed. During the second quarter of the financial year 2021, we began resuming operations at our branches in a staggered manner in compliance with the lockdown restrictions and government guidelines. As a result of restrictions and social distancing measures being reinstated throughout March and April 2021 due to a substantial rise in COVID-19 cases in India, although we have been able to keep our branches open, we have adjusted our branch operations to ensure the safety of our employees in line with the applicable local guidelines issued.

We also re-engineered our field processes to incorporate social distancing and began conducting cashless collections. In line with our dedication to the welfare of our people and promoting a healthy workplace culture, we have not made any layoffs or pay cuts due to COVID-19 and have honored our payment commitments to our employees, including incentives and bonuses, on a timely manner. In addition, our senior management team held scheduled calls on a daily basis with our Chief Executive Officer to discuss the status of and make informed decisions with respect to all functions and geographies across our operations.

Customer interaction and collections

At the beginning of the outbreak, all of our customers at the time were contacted by their respective relationship officers to check in on their wellbeing. We also coordinated with local suppliers in the villages that we operate to distribute daily essentials, medicine and masks to our customers. Our officers kept connected with our customers through regular check-ins via phone calls, and our customers are also able to reach us as required through our toll-free numbers. We also imposed more stringent credit guidelines further strengthening the underwriting process keeping in mind the COVID-19 environment for new customers as well as existing customers for already approved loans.

We have increased our focus on collection activities during the COVID-19 pandemic. We worked with our customers to discuss and assess the impact on their cash flows as a result of the pandemic and to manage their loan repayment capabilities. As of June 30, 2022, loans outstanding for which principal repayment is overdue for more than 30 days (PAR 30+) and 90 days (PAR 90+) accounted for 4.97% and 3.67% of our total AUM, respectively, as compared to 1.60% and 1.12%, respectively, as of March 31, 2020. Our zero-paying customers accounted for 5.92% of total customers and 3.27%% of total AUM as of June 30, 2022, as compared to 2.66% of total customers and 1.75% of total AUM during the month of March 2020.

The following table sets forth a breakdown of our collection efficiency and disbursements for the months indicated:

Months	Collection Efficiency[1] (%)	Disbursements (₹ in millions)
April 2021	92.04%	3,044.48
May 2021	84.31%	1,022.47
June 2021	88.81%	3,547.66
July 2021	93.63%	5,146.19
August 2021	93.02%	5,151.87
September 2021	93.65%	5,805.94
October 2021	94.01%	5,953.53
November 2021	91.51%	5,612.04
December 2021	92.87%	6,347.27
January 2022	93.49%	6,435.47
February 2022	94.48%	6,688.22
March 2022	94.35%	7,042.66
April 2022	95.29%	6,584.09
May 2022	95.17%	6,830.15
June 2022	95.20%	6,416.12

Notes:

(1) Collection efficiency represents the ratio of our collections (including overdue collections but excluding prepayments) to billings, for the relevant month.

Further, we launched new processes that followed an even more digital approach, in order to adapt to the physical restrictions during the pandemic. For example, to reduce the need for physical visitations to and from customers, we introduced additional digital communication and verification methods, as well as new digital methods for the execution of customer agreements and instalment payments via a real-time cashless payment platform.

Maintaining our liquidity position and reducing our cost of funds

During the COVID-19 pandemic, we took additional measures to improve our liquidity position to ensure adequate funding to meet financial and other commitments. We engaged in proactive and continuous communication with our various lenders and conducted upfront provisioning for PAR 90+ loans. During the three months ended June 30, 2022 and the financial year 2022, we raised ₹12,640.00 million and ₹42,042.92 million in debt, respectively. Our average cost of incremental borrowings for the three months ended June 30, 2022 and the financial year 2022 was 10.19% and 10.04%, as compared to 12.14% for the financial year 2020. Through this difficult period, we have maintained healthy capital adequacy ratios and cumulative positive flows across all the buckets. We had a CRAR of 21.13% as of June 30, 2022 as compared to 35.82% as of March 31, 2020. We had a liquidity coverage ratio of 268.47% as of June 30, 2022.

Moratorium and asset quality

To alleviate the impact of COVID-19, the RBI has issued guidelines relating to COVID-19 regulatory package dated March 27, 2020 in accordance therewith, providing moratorium of three months on the payment of all principal amounts and interest falling due between March 1, 2020 and May 31, 2020. Further, by way of its circular dated May 23, 2020, the RBI extended the moratorium on loan instalments by another three months from June 1, 2020 to August 31, 2020. Subsequently, on September 3, 2020, the Supreme Court of India ordered a standstill on NPA recognition due to a number of pleas filed before it regarding issues relating to the extension of the loan moratorium and interest charges. On March 23, 2021, the Supreme Court of India issued a judgment that declined to either extend the moratorium or order a complete interest waiver, as well as lifted the temporary freeze on NPA classification by banks. For further details on the regulatory frameworks prescribed by the RBI in response to the COVID-19 pandemic, see "*Key Regulations and Policies – COVID-19 Regulatory Framework*" on page 208.

Accordingly, we offered moratorium on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers. Moratorium was granted by us to a total of 1,763,955 borrowers valued at ₹1,685.82 million to be repaid by borrowers over a period of up to 24 months. As of June 30, 2022 and 2021, and March 31, 2022 and 2021, our gross NPA ratio and net NPA ratio were 3.67%, 6.19%, 5.71% and 5.51%, and 1.35%, 2.81%, 1.64%, 2.20%, respectively, as compared to 1.12% and 0.38%, respectively, as of March 31, 2020. During the three months ended June 30, 2022 and 2021, and the financial years 2022 and 2021, we made total provisions for NPAs, write-offs and additional COVID-19-related provisions amounting to ₹200.64 million, ₹691.76 million, ₹3,686.93 million and ₹2,207.80 million. In addition, as of June 30, 2022 and 2021, and March 31, 2022 and 2021, our CRAR and CRAR – Tier I was 21.13%, 27.16%, 21.94% and 27.26%, and 19.45%, 25.17%, 19.93% and 25.52%, respectively, as compared to 35.82% and 33.08%, respectively, as of March 31, 2020.

Description of our Business

We provide financial services to underserved women across India in order to facilitate their access to greater economic opportunities. Our focus customer segment is women in rural areas with an annual household income of up to ₹300,000. As of June 30, 2022 and March 31, 2022, 2021 and 2020, our total AUM was ₹73,890.23 million, ₹67,859.71 million, ₹46,378.39 million and ₹36,065.24 million, respectively. As of June 30, 2022, we had 2.90 million active borrowers which were served by our network of 966 branches and 9,262 employees spread across 377 districts in 19 states and union territories in India.

We had the fourth fastest gross loan portfolio CAGR of 53.89% between the financial years 2017 and 2021 among the 10 largest NBFC-MFIs in India, and we were one of the youngest companies (in terms of obtaining an NBFC-MFI license) among the top NBFC-MFIs in India in terms of AUM as of June 30, 2022, according to CRISIL.

Our Business Model

Our microfinance lending business is based on a group lending model, catering exclusively to women. A joint liability group (typically comprising five to seven members) provides joint and several guarantees for loans obtained by each member of the group. We believe this model ensures credit discipline through peer support within the group, making our customers prudent in conducting their financial affairs and prompt in repaying their loans. At the same time, this model is also based on the idea that people belonging to lower-income segments have skills that are under-utilized. It is further premised on the fact that if such individuals are given access to credit, they will be able to identify new opportunities and/or grow existing income-generating activities such as running local retail shops, providing tailoring and other assorted trades and services, raising livestock, cottage production such as pottery, basket weaving and mat making, land and tree leasing, among others. We believe that access to basic financial services can significantly increase economic opportunities for families in the lower-income segment. We believe that we also help create job opportunities throughout rural India as our customers employ people from their villages or nearby areas to support the growth of their business activities which are funded by our income-generating loans.

We lend to women in low income households, even if loan proceeds are used in the household business that is run by the family, including the husband. We believe that women can positively influence loan repayment in their household because they are generally more risk-averse, cooperate better in groups, are more accessible than their working husbands and demonstrate better discipline in meeting loan repayment schedules. We believe that women have been integral in driving economic growth in India particularly with respect to manufacturing, agricultural and services activities, among others, and that providing women with access to capital increases their decision-making stature in the household and in the community as a whole. As decision-makers, we believe women can help direct disposable income to the more basic needs of the home such as nutrition, education, health, savings and asset creation.

Our Products

Our wide range of financial products is designed according to various life-cycle needs of our customers. The following table broadly sets forth our financial products, as of June 30, 2022:

Loan Type	**Number of Loans Outstanding**	**AUM**	**Percentage of Total AUM**
		(₹ in millions)	***(%)***
Income-generating loans:			
Agriculture-allied and agriculture	2,262,482	56,942.61	77.06%
Manufacturing and production	304,795	7,393.60	10.01%
Trade and retail	152,720	3,580.67	4.85%
Services	143,508	3,224.00	4.36%
Others	24,352	624.32	0.84%
Top-up loans	56,353	286.73	0.39%
Cross-sell loans	27,805	194.13	0.26%
Subtotal for income-generating loans	2,972,015	72,246.06	97.77%
MSME loans	6,028	1,644.17	2.23%
Total	**2,978,043**	**73,890.23**	**100.00%**

Income-generating loans

Income-generating loans are our core loan product for use by women in rural areas and are intended to provide capital for their small businesses.

Our income-generating loans typically fund businesses operating in the following sectors:

- Agriculture-allied and agriculture. This category includes activities such as dairy production, animal husbandry, poultry farming and crop cultivation. Disbursements under such loans amounted to ₹15,711.49 million and ₹48,125.19 million in the three months ended June 30, 2022 and the financial year 2022, respectively.

- Manufacturing and production. This category includes activities such as the manufacturing and/or production of bags, furniture, mats and handicrafts, as well as bread and other baked goods. Disbursements under such loans amounted to ₹1,776.51 million and ₹6,067.67 million in the three months ended June 30, 2022 and the financial year 2022, respectively.

- Trade and retail. This category includes activities such as the sale of clothes, groceries and general merchandise. Disbursements under such loans amounted to ₹993.77 million and ₹2,960.80 million in the three months ended June 30, 2022 and the financial year 2022, respectively.

- Services. This category includes activities such as the provision of clothes tailoring and stitching services as well as small food establishments. Disbursements under such loans amounted to ₹659.45 million and ₹2,784.73 million in the three months ended June 30, 2022 and the financial year 2022, respectively.

- Others. This category includes all other activities that do not fall within the above categories. Disbursements under such loans amounted to ₹335.47 million and ₹644.50 million in the three months ended June 30, 2022 and the financial year 2022, respectively.

We grant income-generating loans for the above activities for amounts ranging from ₹10,000 to ₹40,000 for the first loan cycle (with loans of up to ₹40,000 being available to customers with a track record of at least 14 months with their existing financier) and ₹10,000 to ₹80,000 for subsequent cycles, except for two branches of Holambi and Bawana where the amounts for subsequent cycles range from ₹10,000 to ₹90,000. The annual effective interest rate of our income-generating loans for the above activities as of June 30, 2022 is 22.65% for the first loan cycle and 22.25% for subsequent loan cycles, and we charge a non-refundable loan processing fee equal to 1.25% of the loan amount (plus applicable tax). The term of an income-generating loan for the above activities is typically 11 to 24 months, with principal and interest payments due on a fortnightly or monthly basis, subject to compliance with any applicable local law requirements.

Our income-generating loans also include top-up loans and cross-sell loans:

- Top-up loans. Top-up loans are granted to existing customers to manage interim working capital requirements for their existing business. To be eligible for our top-up loans, a customer must have had paid a minimum of six monthly instalments, a minimum attendance rate of 60.00% at our scheduled center meetings and a satisfactory track record on her previous or ongoing loans with us or any other lender, taking into consideration the effect of the COVID-19 pandemic during the financial years 2022 and 2021.

  We grant top-up loans for amounts ranging from ₹5,000 to ₹12,000. The annual effective interest rate of our top-up loans is currently 22.25%, and we charge a non-refundable loan processing fee equal to 1.25% of the loan amount (plus applicable tax). The term of a top-up loan is typically 12 months, with principal and interest payments due on a fortnightly or monthly basis, subject to compliance with any applicable local law requirements. Disbursements under our top-up loans category amounted to ₹125.71 million and ₹510.42 million in the three months ended June 30, 2022 and the financial year 2022, respectively.

- Cross-sell loans. Apart from the above-mentioned loans, we also leverage our existing customer base to provide cross-sell loans that are utilized for livelihood and productivity enhancing purposes. We have partnered with leading brands to fund the purchases of mobile phones, bicycles, kitchen appliances and other items by our customers. As of June 30, 2022, we have entered into agreements with (i) smartphone brands for the sale of smartphones, (ii) bicycle manufacturers for the sale of a range of bicycles, (iii) kitchen appliances manufacturers for the sale of blenders and cookers, and (iv) agriculture solutions providers for the sale of tarpaulins. In addition to interest income on such loans, we also receive processing and referral fees by the aforementioned manufacturers and distributors for these services.

  The prices of the above products financed by us range from approximately ₹1,000 to ₹11,500. The annual effective interest rate for such loans is currently 22.25% and we charge a non-refundable loan processing fee of 1.00% of the amount of the loan provided. The term of these loans is typically eight months, with repayment made in the form of EMIs on a fortnightly or monthly basis during the term of the loan. Disbursements under our cross-sell loans category amounted to ₹119.72 million and ₹168.93 million in the three months ended June 30, 2022 and the financial year 2022, respectively.

MSME loans

We offer MSME loans to eligible enterprises. To be eligible for our MSME loans, an enterprise must be a manufacturer, trader or service provider, and have an investment limit of less than ₹1,500,000.

We grant MSME loans for amounts up to ₹1,500,000. The annual effective interest rate of our MSME loans is currently 27.00%, and we charge a non-refundable loan processing fee up to 3.00% of the loan amount. The term of an MSME loan is up to 10 years, with principal and interest payments due on a monthly basis, subject to compliance with any applicable local law requirements. Disbursements under our MSME loans category amounted to ₹353.68 million and ₹1,214.89 million in the three months ended June 30, 2022 and the financial year 2022, respectively.

Emergency loans

We also grant emergency loans to existing customers to fund urgent financial requirements arising out of unforeseen events such as health emergencies, natural disasters and family bereavements. To be eligible for our emergency loans, a customer must have completed at least one cycle of our income-generation loans with no delinquency and a minimum attendance rate of 60.00% at our scheduled center meetings.

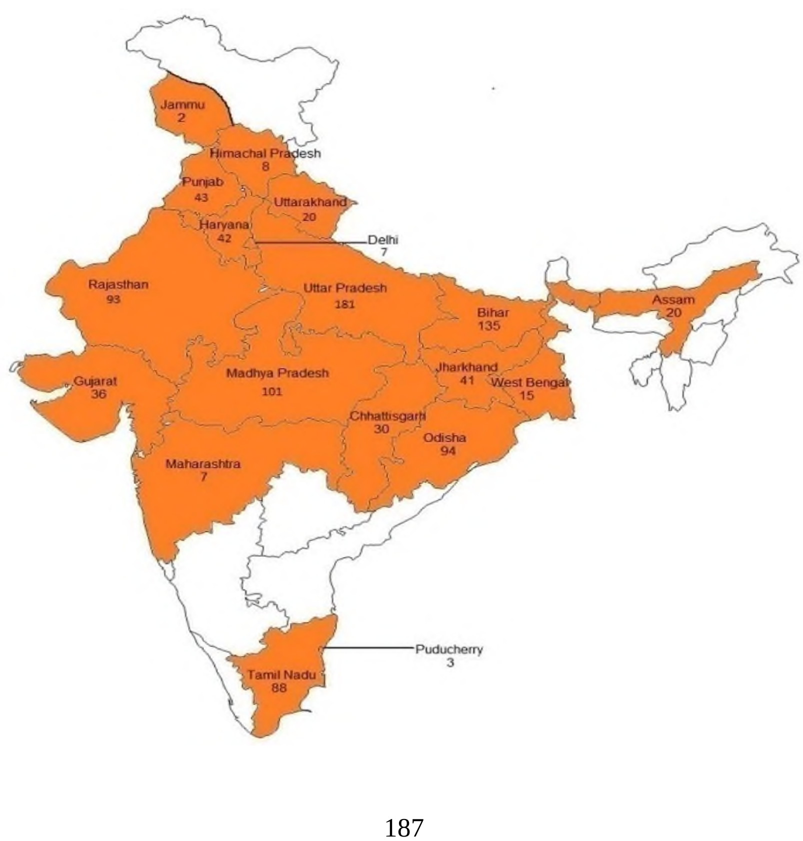
We grant emergency loans for amounts ranging from ₹3,000 to ₹7,000. The annual effective interest rate of our emergency loans is currently 19.00%, and we do not charge a processing fee for such loans. The term of an emergency loan is typically 8 months, with repayment made in the form of equated monthly installments on a fortnightly or monthly basis. As of June 30, 2022, we had ₹0.12 million emergency loans outstanding.

Distribution Network

As of June 30, 2022, we had 2.90 million active borrowers, catered to by our network of 966 branches and 9,262 permanent employees spread across 377 districts in 19 states and union territories in India. As of June 30, 2022, each of our relationship officers managed 487 active borrowers on average, as compared to an average of 466, 513 and 494 active borrowers as of March 31, 2022, 2021 and 2020, respectively. According to CRISIL, we were ranked first among the top ten NBFC-MFIs in India in terms of largest number of customers per branch and number of customers per employee, during the financial year 2022. Administrative support staff and management personnel at our area, division and regional offices provide the necessary back-end and infrastructure support to our branches.

Our relationship officers are hired from the surrounding catchment areas (within a radius of 100 kilometers) of our operations and trained in-house so that they have a comprehensive understanding of the local areas in which they are assigned. We believe this creates additional employment opportunities in the rural villages in which we operate in an impactful way. We provide comprehensive in-person and online training for new employees which covers various aspects of our business operations including, among others, our policies and processes, the overall microfinance sector and its regulatory framework, as well as soft skills such as customer engagement, people management and team building skills.

The map below illustrates the spread of our branches across India, as of June 30, 2022:



The following table sets forth the breakdown of our number of active borrowers, branches and districts, by state/union territory, as of the dates indicated:

		As of June 30,					
		2022			2021		
	State	Active Borrowers	Branches	Districts	Active Borrowers	Branches	Districts
1.	Bihar	557,532	135	35	391,310	107	35
2.	Uttar Pradesh	530,148	181	68	353,360	99	47
3.	Odisha	343,358	94	30	296,552	84	29
4.	Madhya Pradesh	261,915	101	45	210,850	90	44
5.	Tamil Nadu	223,805	88	34	148,186	67	31
6.	Punjab	194,192	43	20	164,927	35	19
7.	Rajasthan	193,041	93	28	121,125	69	25
8.	Haryana	146,091	42	17	137,969	36	16
9.	Jharkhand	148,592	41	18	103,591	35	18
10.	Uttarakhand	70,813	20	6	56,828	17	4
11.	Gujarat	69,385	36	22	43,844	25	17
12.	Chhattisgarh	58,063	30	17	38,888	28	17
13.	West Bengal	51,127	15	7	43,196	15	7
14.	Delhi	3,576	7	6	2,400	5	4
15.	Maharashtra	18,837	7	4	13,717	7	4
16.	Himachal Pradesh	11,187	8	6	7,153	4	3
17.	Puducherry	7,664	3	2	5,230	2	1
18.	Assam	7,898	20	10	25,240	20	10
19.	Jammu & Kashmir	124	2	2	-	-	-
	Total	**2,897,34**	**966**	**377**	**2,164,366**	**745**	**331**

		As of March 31,								
		2022			2021			2020		
	State	Active Borrowers	Branches	Districts	Active Borrowers	Branches	Districts	Active Borrowers	Branches	Districts
1.	Bihar	517,001	131	35	385,520	103	35	365,192	80	33
2.	Uttar Pradesh	471,765	174	64	347,622	95	45	304,373	80	40
3.	Odisha	328,038	91	30	294,039	84	29	273,579	84	29
4.	Madhya Pradesh	253,972	95	45	212,019	89	44	209,170	78	42
5.	Tamil Nadu	214,953	83	34	137,556	63	30	80,478	45	22
6.	Punjab	186,798	43	20	158,998	34	19	135,482	31	17
7.	Rajasthan	180,540	92	28	115,614	64	24	80,023	37	17
8.	Haryana	147,221	42	17	136,205	36	16	122,860	30	16
9.	Jharkhand	138,594	41	18	100,746	35	18	92,328	28	16
10.	Uttarakhand	67,854	19	5	56,374	16	4	49,323	14	4
11.	Gujarat	65,143	34	21	40,317	25	17	28,366	16	11
12.	Chhattisgarh	53,139	30	17	39,021	28	17	31,974	22	12
13.	West Bengal	49,417	15	7	43,222	15	7	42,336	15	7
14.	Delhi	3,359	7	6	2,470	5	3	2,029	4	2
15.	Maharashtra	17,574	7	4	14,457	7	4	14,032	7	4
16.	Himachal Pradesh	10,157	7	5	6,408	4	3	4,465	2	2
17.	Puducherry	7,334	3	2	5,129	2	1	4,123	1	1
18.	Assam	10,590	20	10	26,156	20	10	31,508	21	10
19.	Jammu & Kashmir	-	-	-	-	-	-	-	-	-

State	As of March 31,								
	2022			2021			2020		
	Active Borrowers	Branches	Districts	Active Borrowers	Branches	Districts	Active Borrowers	Branches	Districts
Total	**2,723,449**	**934**	**368**	**2,121,873**	**725**	**326**	**1,871,641**	**595**	**285**

Our Lending Process

Our lending process involves the following key elements:

Area selection

One of the most important steps in our lending process is selecting the right area when entering into a new state or, in the case of states where we already have operations, establishing a new branch or expanding into a new village. We believe it is very important for us to determine the feasibility of a new area or geography for our lending business before we commence operations.

We have developed our area lucrative index ("**ALI**") analysis model to evaluate the local conditions and potential for establishing a new branch. Our ALI analysis model has evolved over the years through data collected from our geographically diverse operations. It involves a systematic methodology that takes into account various key parameters such as demand for credit in the area, income levels and literacy rate of the local population, competition and market potential, economic status of the region including accessibility of internet and mobile connectivity and post offices, road access, and connectivity to important locations such as banks, schools and hospitals, as well as political, socio-economic, regulatory and other risks. When selecting a new area, the ALI analysis is independently conducted by two separate teams, namely our business operations team and our risk/audit team. Each team will discuss their respective findings with the relevant regional office heads, and the findings are then reported to our head office approval committee comprising our Chief Executive Officer, Chief Operating Officer, Chief Risk Officer, Head of Business and Head of Audit, with special veto powers resting with each of our Chief Risk Officer and Head of Audit. Once the committee approves the new area, we will initiate the processes for opening a new branch and hiring required manpower.

In addition to the ALI process described above, we also have a village selection process which involves a detailed village survey conducted by a relationship officer and the branch manager assigned to the relevant area. The survey results are sent to the relevant area manager for review and approval. Selected villages are typically within a 30 kilometer radius of a main branch.

Group formation

After a branch has been opened and the corresponding villages selected, our employees conduct public meetings in the villages to introduce themselves and our Company. In these meetings, we showcase our product offerings and explain the concepts of group lending, our lending procedures and the requirements for group and center formation.

We believe that the optimal group lending size is five to seven members. This size is small enough for members to effectively extend peer support and large enough for them to have ability to repay for other members in the group in the event of a default. Each borrower within a group is eligible to obtain loans individually, after the completion of the compulsory group training, and subject to the consent of the other group members. Since the failure of an individual borrower to make timely loan repayments precludes other group members from being able to borrow from us in the future, groups are very careful and selective in choosing their members. The group will generally use peer support to encourage the delinquent borrower to make timely payments or will often make a repayment on behalf of a defaulting borrower, effectively providing an informal joint guarantee on the borrower's loan. As such, this structure serves as a self-checking mechanism that provides additional verification of a borrower's credit worthiness.

Customer due diligence

Once the interested women have formed their groups, we provide further information to them, such as a brief introduction to our Company, criteria for group formation and group responsibilities. Immediately after the formation of the group, the relationship officer visits the prospective customers' house to collect the know-your-customer documents and basic data of the customers.

We require each customer to provide one proof of address and one proof of identification, which must be in the form of one of the types of documents mandated by the RBI for KYC purposes. At each customer's house, we generally seek to include all the family members, especially the husband, in the conversation during the information gathering session. The customer's husband and/or household elders are briefly informed of the terms and conditions of our offerings, such as the group lending model and associated rules and responsibilities, including the compulsory training for the customers.

Our digital capabilities enable customer onboarding to be conducted entirely online via our mobile application or web portal. Our digital interface enables us to provide our customers with necessary information and documents in their preferred language. Images of the KYC documents and information provided by the customer can be uploaded in real time via our mobile application, which allows us to initiate the mandatory credit bureau and bank account validation checks on customers from remote parts of India.

*Continuous Group Training ("**CGT**") and Group Recognition Test ("**GRT**")*

After a group is formed and has cleared our customer due diligence checks, we conduct CGT sessions over the course of two days. During the CGT, our employees also collect quantitative data on each potential member to ensure she qualifies for the program and to record baseline information for future analysis. The CGT covers various topics such as the center meeting processes with our relationship officers, the frequency of which depends on the relevant customer's repayment schedule, as well as the rules and regulations of our Company, awareness of our products and processes, bank accounts, savings and insurance.

Once the CGT is completed, the branch manager in charge will conduct the GRT to determine the customers' level of understanding of the topics covered during the CGT. The GRT is designed to assess the quality of the proposed group and to confirm that they meet all our criteria. All the customers who have successfully undertaken the CGT and satisfy the customer selection criteria are present during the GRT. During the GRT, the branch manager will also visit the homes of the new customers to ascertain the repayment capacity and obtain consent from the customer's husband, son or family elder, who will need to co-sign the loan as a guarantor. Based on the results of the GRT, the branch manager would then make a recommendation for loan sanctioning and processing for the group. These processes ensure that there are multiple levels of checks at the time of customer onboarding, before any formal loan approvals are granted.

We believe it is crucial to build a culture of product awareness and credit discipline from the early stages of group formation. We address this through regular training and education. We provide basic product awareness training for our customers as many of them have varying levels of literacy and awareness about financial products and services. In particular, our training sessions are participatory and conducted in-person with the help of visual aids. Our standardized training programs serve as a platform for increased trust and discipline within our joint liability groups, which we believe also helps strengthen our connection with the customers, leading to better loan portfolio performance and the sustainable growth of our business.

Loan approval

Following the online submission of loan application, uploading of the required KYC documents, filing of the CGT and GRT reports along with the related individual and household visit photos, and receipt of a positive credit report from the relevant credit bureau, the branch manager will proceed to submit the loan sanctioning proposal via our mobile application for approval. Our loan approval process involves checking the adequacy and accuracy of all aforementioned data acquired from the customer at the branch level in line with our established policies and customer selection criteria. We will also validate the bank details provided by the customer for the transfer of the loan funds electronically to the customer.

Once all the above procedures are completed, a formal loan sanction is generated and the branch manager will inform the customer group of the estimated disbursement time. On the day of the disbursements, the funds are electronically transferred to each customer's respective bank account and each customer is issued a loan card (i.e. a passbook) at the respective branch.

We utilize an image-based loan sanctioning processes that enables us to process and submit all required documentation electronically via mobile phone images, eliminating the costs and delays associated with the physical movement of documents. This has led to a significant reduction in average loan sanctioning turnaround time from 7.9 days for the financial year 2020 to 5.1 days for the financial year 2022, and further to 3.9 days for the three months ended June 30, 2022. We have also integrated our bank account information validation processes with several commercial banks throughout India, enabling us to conduct seamless cashless disbursements.

Center meetings and loan collections

Our branch managers and relationship officers use regular center meetings and business development visits to villages as means to communicate with the members in our joint liability groups. Center meetings are a critical part of managing our customers and loan life cycles. Our relationship officers are given primary responsibility for both the sourcing of new customers and the collection of repayments from our customers at center meetings. Center meetings are typically held with two joint liability groups at once and held at a designated place in the village. The meetings are scheduled in advanced based on the repayment frequency agreed with the customers at the loan approval stage, and typically begin early in the morning so as not to interfere with the daily activities of our members.

Consistent contact through these meetings allows us to manage our loan portfolio efficiently by regularly collecting repayments on outstanding loans or disbursing new loans, reinforcing group stability, addressing community issues and eliminating the travel and time constraints that members may otherwise face. The meetings are compulsory for all group members, with attendance closely monitored and recorded. In some cases, irregular attendance may serve as a critical early warning sign of a customer's failure to make timely repayment. We believe the meetings also serve as a means for members of the group to engage with and help each other in times of need.

Relationship managers input data regarding loan collections into our management information system on a daily basis. In the event of a missed repayment, the relationship officer responsible for managing the account and the designated branch manager will commence a standardized collection process that includes a direct review with the group and the borrower to determine the cause of the missed repayment and the solutions to remedy it. We believe that our relationship officers, who are personally involved with our customers from as early as the group formation and loan disbursement stages and regularly engage with our customers during the scheduled center meetings in the villages, are critical to managing our collection efficiency and ensuring the health of our portfolio.

In the event of overdue payments, the relationship officer will increase his level of engagement with the customer by conducting more frequent center meetings and field visits in order to discuss the situation with the customer and the group/center and come up with resolutions that work in the best interest of both the customer and our Company. In certain cases, the branch manager may also become involved in such discussions and deliberations. We may also disperse additional dedicated manpower for collection when required, and undertake to strengthen our collections infrastructure based on regular reviews and feedback.

Loan utilization checks

We also regularly conduct checks or reviews of our customers and the use of the funds they obtained from us as loans. Loan utilization checks are an integral step in managing the entire customer life cycle, and serves to ensure that the funds are being utilized for the approved purpose. During a loan utilization check, the relationship officers visits the customer's household or place of business to verify whether the loan funds received have been used for the purpose that the borrower stated in her loan application. Each relationship officer is required to conduct loan utilization checks for 100.00% of the loans sourced by him in the previous month, and branch managers are required to conduct loan utilization checks for a sample of 25.00% of loans sourced from within his designated area in the previous month. We have implemented app-based modules for our officers to collect information during post-disbursement loan utilization checks and field visits.

Risk Management

As a financial intermediary, we are exposed to risks that are particular to micro-credit lending and the environment in which we operate. We have identified and implemented comprehensive policies and procedures to assess, monitor and manage the risks we face. We seek to continuously improve our risk management processes to address the changing risk environment and to ensure that our processes are sufficiently agile to adapt to the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

We have developed detailed processes for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed with both our management and the Risk Management Committee of our Board. Some of the risks relate to competitive intensity and the changing legal and regulatory environment. The Risk Management Committee of our Board reviews the risk management policies in relation to various risks and regulatory compliance issues.

We have identified the following as key risks:

Operational and credit risk

Our core business of providing unsecured loans to women from low-income households in rural areas requires a high level of operational and credit risk management. Our exposure to credit risk is influenced mainly by the individual characteristics of each customer. Our customers typically have limited sources of income, savings and credit histories and our loans are typically provided free of collateral. Such customers generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities.

We seek to ensure efficient and uniform appraisal, disbursement, collection and delinquency management resulting from streamlined approval and administrative procedures. We have a well-established underwriting policy which ensures that customer selection is done after evaluating repayment capacity and assessing the borrower's cash flows. We use technology and automation to establish credit worthiness and repayment behavior of individual borrowers by analyzing credit bureau reports on them, where available, before sanctioning loans.

To mitigate operational and credit risks, we have adopted a uniform lending process across all branches and ensure that the process is well-documented for transparency and consistency, enabling predictability of transactions as a further risk mitigant. We also have adequate checks and balances in place with respect to our operations. Our internal audit department monitors adherence to internal controls and processes and provides inputs for strengthening our risk management, see "– *Internal Audit System and Controls*" on page 193.

Further, we seek to emphasize regular monitoring of proper loan utilization and timely repayment, which tie into our key risk parameters. For example, we carry out regular loan utilization checks, and typically conduct such checks within 30 days of disbursement of the loans. These periodic checks and regular monitoring helps us in timely identification of borrowers or groups with increasing risk, enabling timely remedial measures, as applicable. We have also implemented real time collections monitoring which ensures that any delay in collections is regularly highlighted and followed up to seek payment recovery.

Financial and liquidity risk

We have adopted well established risk management policy in an effort to prevent asset liability mismatch. We have a dedicated ALM committee that is supervised by our Board to ensure that our cost of funds, interest rates for our borrowings and draw-downs on our loan facilities are well managed. The committee also seeks to ensure that our treasury operations are optimal, including by selecting appropriate short term savings instruments for the deployment of cash collected.

We place significant emphasis on liquidity management and maintain a bias towards maintaining relatively high levels of liquidity in order to address operational requirements and corporate commitments. Along with our diversified funding strategy and favorable asset-liability maturity profile, we seek to ensure we have sufficient liquidity to meet our business requirements and promote risk mitigation. We also have a mixture of fixed and variable interest rates in our borrowing profile which helps in a volatile interest rate risk scenario.

Concentration risk

We seek to mitigate concentration risk in both our loan portfolio and borrowings through well-defined geographic and borrower concentration limits. In order to mitigate the risk of external political, legal or regulatory interventions and non-payment risks, we have implemented certain concentration limits in any particular state and district. We have portfolio concentration limits stipulating that gross loan portfolio attributable to a single state and a single district must not exceed 20.00% and 4.00%, respectively, of our total gross loan portfolio. In addition, the maximum credit limit for a single microfinance customer ₹150,000 for their first loan cycle, ₹180,000 for their second loan cycle and ₹200,000 for their third loan cycle and above.

Political risk

We recognize political risk as one of the major risks facing the industry and believe that it can be mitigated through responsible lending, maintaining discipline, client engagement and consistently following the fundamentals of microfinance. We have a robust grievance redressal mechanism. We have implemented toll-free customer service help lines for our customers and, as part of our comprehensive monitoring processes, our branch managers, area managers and division managers are required to conduct surprise visits at group centers to seek feedback from customers on their experience with our Company and provide proactive resolution to customer issues. Customer complaints are reviewed, investigated and sought to be resolved within a prescribed time frame depending on the nature of the complaint, and are subsequently reported to the Board of our Company at each quarterly Board meeting for review and any necessary guidance on our customer service quality. We also carefully calibrate our growth strategy to ensure we meet requirements of our members and also address concerns of various stakeholders. Further, we regularly engage with our customers and the communities we serve through financial literacy and awareness programs.

Internal Audit System and Controls

We believe that maintaining a comprehensive internal control framework is an essential prerequisite for the growth of business. We have well documented policies, procedures and authorization guidelines that are commensurate with our size. Internal controls are routinely tested and cover all branches, regional offices and the head office.

Our internal audit team monitors operational risks specific to our microfinance business through its control mechanism and inspections of field operations and our branches and offices. Our internal audit team conducts its responsibilities with strict accountability for confidentiality and safeguarding records and information. It has fully authorized, free and unrestricted access to any and all of our Company’s records, physical properties and personnel pertinent to carrying out any engagement. Our internal audit team also interacts with our external IT and systems auditor. Our internal audit team is a large team comprising 329 members as of June 30, 2022 and is responsible for conducting periodic internal audits of the information technology, internal financial controls and other systems across all levels of our organization. Every branch is generally audited six times each year. To ensure independence from our operations, our internal audit team reports directly to the Audit Committee of our Board.

Our internal audit team has free and unrestricted access to our Board and, in accordance with the internal control guidelines of the RBI and the Government of India, our Board of Directors and the Audit Committee of the Board oversees our internal audit function to ensure better compliance at all levels. The Audit Committee of our Board is updated on significant internal audit observations, compliance with statutes, progress of risk management practices and effectiveness of our control systems every quarter. It reviews the adequacy and effectiveness of our internal control system and monitors the implementation of audit recommendations, including those related to strengthening our risk management policies and systems. It also monitors compliance with inspection and audit reports of the RBI, other regulators and statutory auditors.

Compliance with the RBI Master Directions and RBI (RFML) Directions

*Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 ("**RBI (RFML) Directions**")*

The RBI enacted the Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 ("**RBI (RFML) Directions**") with effect from April 1, 2022, under which our Company is required to comply with certain additional compliances and conditions, including: (i) forming a board approved policy to assess the household income of its borrowers; (ii) forming a board approved policy regarding the limit on the outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income, which is capped at 50% of the monthly household income; (iii) forming a board approved policy regarding pricing of microfinance loans; (iv) forming a board approved policy to provide flexibility of repayment periodicity on microfinance loans as per borrower requirements; (v) adopting a fair practices code for conduct towards borrowers in line with the RBI (RFML) Directions; (vi) putting in place a mechanism for recovery of loans which is borrower friendly; and (vii) ensuring that a minimum of 75% of our total assets are 'microfinance loans'. For further details, see "*Key Regulations and Policies – Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022, dated March 14, 2022 (the "Microfinance Loans Directions")"* on page 205.

NBFC-ND-SI Master Directions and SBR

Our Company is registered with the RBI as an NBFC-MFI, which requires us to comply with the NBFC-ND-SI Master Directions. The former NBFC-MFI Directions have been replaced by and consolidated into the NBFC-ND-SI Master Directions. For further details, see "*Key Regulations and Policies – Key Regulations Applicable to Our Company – Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended (the "Master Directions");* and *RBI Circular – Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs date October 22, 2021 read with RBI notification - Compliance Function and Role of Chief Compliance Officer (CCO) - NBFCs dated April 11, 2022*, on pages 201 and 210, respectively.

The following table sets forth the current status of our compliance with certain key aspects of the NBFC-ND-SI Master Directions:

Criteria	NBFC-ND-SI Master Directions	Our Compliance Status
Loan Portfolio – Microfinance Loans	75.0% of total assets to be in the nature of "microfinance loans".	"Microfinance loans" constituted 85.43% of our total assets, as of June 30, 2022.
Criteria – Microfinance Loans	• The borrower's total annual household income to not exceed ₹3,00,000. • The outflow on account of repayment of monthly loan obligation of a household shall be subject to a limit of maximum 50% of monthly household income which includes repayments towards all existing loans as well as the loan under consideration, and is in line with the board approved policy of NBFC-MFI. • The computation of loan repayment obligations has taken into account all outstanding loans (collateral-free microfinance loans as well as any other type of collateralized loans) of the household. And no new loans have been provided to those households till the	We comply with the criteria determined for NBFC-MFIs by the NBFC-ND-SI Master Directions.

Criteria	NBFC-ND-SI Master Directions	Our Compliance Status
	prescribed limit of 50% is complied with.	
Ticket Size	Individual loan amounts not to exceed ₹75,000 in the first cycle and ₹125,000 in subsequent cycles.	The maximum credit limit is ₹40,000 for the first loan cycle and ₹90,000 for subsequent loan cycles.
Tenure of Loan	Tenure of loan to be at least 24 months for loan amounts in excess of ₹30,000 with prepayment without penalty.	We comply with this norm in relation to our micro-credit products.
Collateral	Loan to be extended without collateral.	We comply with this norm for our micro-credit products.
Mode of Repayment	Loan to be repayable in weekly, fortnightly or monthly installments, at the choice of the Borrower.	We comply with this norm, subject to compliance with any local law requirements.
Insurance Premium	The actual cost of insurance for group, livestock, life and health of borrower and spouse can be recovered. However, administrative charges can only be recovered as per the applicable guidelines issued by the IRDA.	We collect only the actual cost of loan cover insurance. We comply with this norm in relation to collection of insurance premium.
Penalty	Borrowers not to be subject to penalties for delayed payments.	We comply with this norm.
Security Deposit	No security deposit or margin should be taken from the borrower.	We have not taken any security deposit or margin money from our borrowers in respect of our micro-credit products.
Asset Classification	Asset for which interest or principal payment has remained overdue for a period of 90 days or more to be classified as a NPA.	We comply with this norm. We classify loans that remain overdue for 90 days or more as NPAs.
Loan Provisioning	Loan provision for non-performing assets meeting the "Qualifying Assets" criteria to be created for higher of: (a) 1% of the outstanding loan portfolio; or (b) 50% of the aggregate loan installments overdue for more than 90 days and less than 180 days; or (c) 100% of the aggregate loan installments overdue for 180 days or more (applicable from April 1, 2013).	For non-performing assets, expected credit loss allowance ("**ECL**") is as per our Board-approved ECL model to ensure compliance with RBI Circular No. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.

For details in relation to the NBFC-ND-SI Master Directions, see "*Regulations and Policies – Master Direction – Non-Banking Financial Company – Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended (the "Master Directions")*" on page 201 and for details in relation to provisioning norms adopted by us, see "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," on pages 27 and 331, respectively.

Capital Adequacy Ratio

Our CRAR was 21.13%, 21.94%, 27.26% and 35.82% and our CRAR – Tier I was 19.45%, 19.93%, 25.52% and 33.08% as of June 30, 2022, March 31, 2022, 2021 and 2020, respectively, which was computed in accordance with the extant master direction and prudential norms issued by RBI as applicable to an NBFC-MFI. Under the Master

Directions, we are required to maintain a minimum capital adequacy ratio consisting of Tier I and Tier II capital, which shall not be less than 15.00% of our aggregate risk weighted assets on-balance sheet.

Grading and Credit Ratings

CARE Advisory Research and Training Ltd. has assigned us a grading of "MFI 1" or "MFI One", which is the highest available grading on an eight point scale. M-CRIL has awarded us a score of 96.00% on the Code of Conduct Assessment for MFIs in India, which is measured based on indicators of transparency, client protection, governance, recruitment, client education, grievance redress and data sharing.

The following table sets forth certain information on our credit ratings in respect of our outstanding indebtedness as of June 30, 2022:

Rating Instrument	Rating Agency	Rating	Rating Amount Limits
			(₹ in millions)
Long-term debt	CARE	A- Stable	15,000.00
	CRISIL	A- Stable	24,700.00
NCD	CARE	A- Stable	300.00
	CARE	Provisional CARE A (CE); Stable	600.00
	CRISIL	A- Stable	500.00
	ICRA	A- Stable	8,975.00
NCD – Subordinated debt	CARE	A- Stable	300.00
	ICRA	A- Stable	550.00

Awards and Certifications

Over the years we have been recognized for our qualitative performance in various functions. The following table sets forth certain awards and laurels that we have received in recent years:

Calendar Year	Awards
2022.....................................	• Awarded the "Gold" Client Protection Certification from SPTF and CERISE • Attained a score of 96.00% on the Code of Conduct Assessment for MFIs in India by MCRIL
2021.....................................	• "Great Place To Work" certification by Great Place to Work Institute • Named on the "Top 30 BFSI Workplaces" List • Recognized among the Next Fortune 500 companies with the maximum potential to transition from a mid-size marvel to a successful Fortune 500 company by Fortune India
2020.....................................	• "Great Place To Work" certification by Great Place to Work Institute • "India's Best Company to Work For – 2020" and ranked 66th in the top 100 Companies of India by Great Place to Work Institute • Featured on India's Growth Champions' list of the top 150 fastest growing companies in 2020, as published by Statista and The Economic Times • Featured on the Financial Times' list of top 150 APAC high-growth companies in 2020

Calendar Year	Awards
	• "Financial Inclusion & Literacy Leadership Award" from AWOKE India Foundation at India Financial Literacy Conclave.
2019......................................	• "CSR Leadership Award" by UBS Forums at the CSR Summit & Awards 2019
	• "Best BFSI Brand Award" at India UAE Strategic Conclave
	• "Dream Company to Work for" in MFI Category by ABP News at the BFSI Conclave
2018......................................	• "Best NBFC – MFI for Customer Literacy & Capacity" by MicroFinance Institutions Network
	• "Champions of Rural Markets 2018" at "The Economic Times Rural Strategy Summit"

Technology and Digital Platforms

We employ a "Touch & Tech" model and believe that we have significantly implemented the use of technology across our operations in India. With the assistance of selected technology vendors, we have built our technology platform into a business tool for achieving and maintaining high levels of customer service, enhancing operational efficiency and creating competitive advantages for our organization.

One of the key digital tools we utilize is Shakti, our CORE lending system which comprises webShakti, a browser-backed platform utilized at our branches and head offices, and mShakti, our mobile platform utilized by our field officers. It is a multi-product digital platform with end-to-end solution offerings on both our web and mobile platforms. Shakti is a highly evolved system with cloud computing services, and is easily configurable for multiple products as well as highly scalable with no dependency on any single browser, operating system or mobile phone version. Shakti offers real time integration through open API architecture, including with credit bureaus, bank partners and other third-party systems. Our Shakti system has largely contributed to our ability to deliver a superior customer experience, and enables us to manage the customer life cycle in a holistic manner. Shakti employs a simple and intuitive user interface that enables our customers to easily apply for loans as well as manage all of their accounts and allows our field officers to instantly check the creditworthiness of applications. The program facilitates door-step engagements with complete paperless loan processing, resulting in single-visit onboarding for our customers. In addition to digital onboarding, we have automated various customer service functions through Shakti including cashless disbursements, digital collections and query resolution.

We leverage technology to enable automation and digitization of processes across different functions. All pre- and post-disbursement processes are digitized with the related documents available in common vernacular languages. We have enabled geo-tagging of branches for efficient coverage and effective monitoring. We also utilize AI for facial detection for customer attendance in center meetings and field officer verification while hiring at remote branches. In 2020, we implemented a new "Audit 360" platform which enables constructive and real time reviews of portfolio performance. The platform allows us to maintain data symmetry across multiple enterprise systems. We have also enabled point-to-point integrations across different systems.

In addition, we adopted cloud computing software as early as 2013, which has provided us with agility, flexibility and improved collaboration in scaling our business in a cost-efficient manner. Instead of building an in-house data center, we chose to leverage cloud offerings and implemented the Software as a Service ("**SaaS**") distribution model for our Shakti CORE lending system. Our cloud-based system has helped us ensure business continuity, with all our mail services and back-up data on the cloud server. We follow a multi-cloud strategy, pursuant to which applications are deployed with one global partner and internal IT assets are hosted with a different renowned partner. This provides us greater flexibility by moving workloads between cloud solutions as needs and costs vary, as well as greater control over private data.

We have also implemented next generation technologies and solutions to ensure the highest level of cybersecurity and data privacy to protect our networks, servers, applications and end points. We have implemented security solutions such as VPN, web-application firewalls, intrusion detection, advanced threat protection, VAPT, device encryption, data loss prevention, endpoint detection and secure video conferences. We are also in the process of strengthening our security systems by establishing new solutions and processes such as a secure operations center, data classification, mobile device management, secure internet gateway and cloud access security broker.

We continue to actively upgrade our technology infrastructure and applications to keep pace with the changing and dynamic environment in the microfinance industry. We will continue to focus on increasing operational efficiency and we are on course to leverage next-generation technologies such as large-scale RPA and ERP implementation. We have made significant investments in maintaining and updating our technology infrastructure, systems applications and business solutions to support our growth, improve the quality of our services and achieve superior turnaround time in our operations.

Competition

We face our most significant organized competition from other MFIs, banks and state-sponsored social programs in India. We expect that small finance banks may emerge as another source of competition. In addition, many of our potential members in the lower income segments do not have access to any form of organized institutional lending, and rely on loans from informal sources, especially moneylenders, landlords, local shopkeepers and traders, at much higher rates.

MFIs can largely be classified into two types: for-profit organizations and not-for-profit organizations. Organizations under a host of different legal forms may be covered under the MFI model, including trusts, societies, co-operatives, non-profit NBFCs registered under Section 25 of the Companies Act, 1956 and Section 8 of the Companies Act, 2013, and for-profit MFIs registered with the RBI as NBFCs. For-profit MFIs have obtained a majority of the market share both in terms of clients and in terms of loan portfolio. Our key competitors include other for-profit MFIs operating in India such as CreditAccess Grameen, Spandana Sphoorty Financial, Satin Creditcare Network, Asirvad Microfinance, Arohan Financial Services, Muthoot Microfin and Annapurna Microfinance.

We believe traditional commercial banks as well as regional rural and cooperative banks have generally not directly targeted the rural lower income segments of the population for new customers. However, some banks do participate in microfinance by financing the loan programs of self-help groups ("**SHGs**") often in partnership with NGOs. Banks also indirectly participate in microfinance by making loans and providing other sources of funding (such as securitization, assignment, loans under business correspondent mechanism) to MFIs. In addition, some commercial banks are beginning to directly compete with for-profit MFIs for lower income segment customers in certain geographies. Further, many MFIs have been granted in-principle small finance bank licenses. For further details, see "*Industry Overview*" on page 117.

Employees

As of June 30, 2022, we had 9,262 full-time employees. The following table sets forth a breakdown of our employees by function as of June 30, 2022:

Function	Number of Employees
Business Operations – MFI	8,109
Business Operations – MSME	329
Internal Audit	329
IT and Operations	89
Administration	77
Human Resources	55
Finance, Accounts and Treasury	48
Credit – MFI	61
Credit – MSME	40
Legal and Compliance	5
Others	120

Function	Number of Employees
Total..	**9,262**

We have a rigorous selection process for all levels of employees, and we endeavor to verify the background of prospective employees through independent agencies which focus on employment history, reference check, fraud and criminality database search, and address confirmation. We endeavor to hire highly qualified personnel and over 84.38% of our employees have college graduation as their minimum academic qualification, as of June 30, 2022.

We conduct periodic reviews of our employees' job performance and determine salaries and discretionary bonuses based upon those reviews and general market conditions. We believe that we have a good working relationship with our employees and we have not experienced any significant employee disputes. Our employees are not subject to any collective bargaining agreements or represented by labor unions.

We believe that our compensation and benefit packages are competitive with other companies in the microfinance industry. The compensation of our personnel is linked to both qualitative and quantitative aspects of performance. Our goal-oriented culture and incentive programs have contributed to developing a motivated workforce that is focused on building relationships with our customers and partners by delivering personalized customer service, growing profitability and striving for operational efficiencies.

For the three months ended June 30, 2022 and the financial years 2022, 2021 and 2020, our employee attrition rate was 29.94%, 31.13%, 28.71% and 32.65%, respectively. We define attrition as total employee terminations and resignations divided by the average employee headcount (including only employees that have been with our Company for at least six months) for the relevant time period. We believe these high attrition rates are the result of a mix of factors that include better job opportunities, personal or family concerns, higher education opportunities and terminations. We continue to focus on retention efforts and the implementation of new programs to decrease our attrition.

Corporate Social Responsibility

We have adopted a Corporate Social Responsibility ("**CSR**") policy in compliance with the Companies Act, 2013. During the three months ended June 30, 2022 and the financial years 2022, 2021 and 2020, our expenses on corporate social responsibility amounted to ₹0.70 million, ₹15.60 million, ₹12.73 million and ₹10.09 million, respectively, which were greater than the required CSR expenditure amounts under the Companies Act, 2013, demonstrating our continuing support and commitment to CSR. We have established a Board-level CSR committee that is chaired by an independent board member and is responsible for monitoring and executing our CSR policy.

We seek to be a responsible financial institution that focuses on serving underprivileged women from marginalized communities in rural and peri-rural areas in India. As of June 30, 2022, 67,511.99 million or 91.37% of our total customers were from rural areas. We seek to facilitate opportunities in such areas for such customers as well as by recruiting locally. We aim to service the unbanked population and provide financial services to women entrepreneurs who are economically and socially challenged. We have established a number of CSR initiatives that are targeted towards the following seven sustainable developments goals: (i) ending poverty, (ii) ending hunger including by achieving food security, improving nutrition and promoting sustainable agriculture, (iii) encouraging good health and promoting well-being at all ages, (iv) providing equitable and quality education and promoting lifelong learning opportunities, (iv) promoting gender equality and empowerment, (iv) ensuring availability and sustainable management of water and sanitation, and (vii) combating climate change and its impact. We have worked diligently towards assisting the communities around our areas of operations, and have established approximately 2,738 initiatives across 329 districts in 21 states, which have benefitted over 667,010 people. We make efforts to engage the local workforce and encourage the personal volunteering efforts of our employees in order to promote a culture of responsible citizenship. As a result, our programs have involved the participation of 2,500 local people, including doctors, nurses, counselors, pharmacists and teachers, and 6,000 of our employees from across all our operations.

As a customer-centric organization, we seek to help our existing and prospective customers to manage their financials by holding financial and digital literacy programs in many of the villages where we operate. We also provide scholarships to students including, in particular, female children from economically weak backgrounds to help them complete their education. We have also established a skills development program that aims to provide livelihood opportunities to women by providing training in tailoring, dry snacks, paper bags and wheat farming, among others. Through this program, we have also trained underprivileged women in mask production during the COVID-19 pandemic, enabling them to make an income during the lockdown in India.

We fund cataract surgeries and refractive error correction and fund programs that provide women reusable sanitary napkins. We also distribute waterwheels to aid women in villages in transporting and storing water, and donate wheelchairs for disabled people, including to army veterans. We finance the construction of toilets and drinking water solutions in schools. We are actively involved in disaster relief and, as of June 30, 2022, we had reached 532,342 people to provide them with hygiene kits and face masks as well as for health awareness purposes during the COVID-19 pandemic. We also provide emergency loans to our customers to fund urgent financial requirements arising out of unforeseen events such as health emergencies, natural disasters and family bereavements.

We are also committed to encouraging environmental sustainability and we have worked to reduce the effects of floods in villages during monsoons through the establishment of plantations and distribution of solar lights. We distributed solar lights to approximately 300 household in villages in Odisha that were affected by the Fani cyclone in 2019, where there was no electricity for around six months as a result of the cyclone. We also provide support to the World Wildlife Fund (WWF) in environmental protection initiatives such as conservation works in Punjab to improve the long-term survival of migratory birds in the region. In addition, we seek to empower female role models by providing funding support toward the training of Indian female athletes through the GoSports Foundation including, among others, an Olympic fencer and a professional canoeist who has represented India in the Asian Championships.

Insurance

We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include policies covering our fixed assets and equipment, which protects us in the event of certain natural disasters or fire, group credit term life insurance, group medical insurance, directors and officers liability insurance, and group personal accident insurance.

Intellectual Property

As of June 30, 2022, we had one trademark registered in India, namely for our “Fusion Microfinance” wordmark and logo. We intend to seek trademarks on our current trade names in the future.

Properties

Our registered office is located at H-1, C-Block, Community Centre, Naraina Vihar, New Delhi, 110028, on leased premises. Our head office is located at Plot No 86, Institutional Area Sector 32, Gurugram, Haryana, 122001, on leased premises. As of June 30, 2022, we had 966 branches throughout India that we occupy through our lease arrangements.

KEY REGULATIONS AND POLICIES

The following description is a summary of certain key regulations and policies in India which are applicable to the operations of our Company. The information detailed in this section has been obtained from publications available in the public domain. The description of the regulations disclosed below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The information in this section is based on the current provisions of applicable laws in India that are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Our Company is registered as an NBFC-MFI with the RBI. Our Company is an NBFC-ND-SI, in terms of the guidelines issued by the RBI. We offer various products to suit the specific financial requirements of our customers. See "*Our Business*" on page 171.

For details of material regulatory approvals obtained by us, see "*Government and Other Approvals*" on page 385.

1. Key Regulations Applicable to Our Company

The Reserve Bank of India Act, as amended (the "RBI Act")

The RBI Act defines an NBFC as: (a) a financial institution which is a company; (b) a non-banking institution which is a company and which is in the principal business of receiving deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or (c) such other non-banking institution or class of institutions, as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.

A company categorized as an NBFC is required to have a net owned fund of ₹2.5 million or such other amount, not exceeding ₹1,000 million, as the RBI may, by notification in the official gazette specify from time to time. Further, NBFCs are required to obtain a certificate of registration from the RBI prior to commencement of the business as an NBFC.

Every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. No appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such withdrawal.

Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended (the "Master Directions")

Applicability

The Master Directions are applicable to the following categories of NBFCs ("**Applicable NBFCs**"):

(i) NBFC–MFIs registered with the RBI under the provisions of the RBI Act and having an asset size of ₹5,000 million and above;

(ii) NBFC-ND-SIs registered with the RBI under the provisions of the RBI Act;

(iii) Deposit taking NBFCs registered with the RBI under the provisions of the RBI Act;

(iv) NBFC-Factors (as defined in the Master Directions) and registered under Section 3 of the Factoring Regulation Act, 2011, as amended, having an asset size of ₹5,000 million and above;

(v) Infrastructure Debt Fund – Non-Banking Financial Company (as defined in the Master Directions) registered with the RBI under the provisions of RBI Act; and

(vi) NBFC – Infrastructure Finance Company (as defined in the Master Directions) registered with the RBI under the provisions of the RBI Act, having an asset size of ₹5,000 million and above.

An NBFC-ND-SI has been defined under the Master Directions to mean an NBFC not accepting or holding public deposits and having total assets of ₹5,000 million and above as shown in the last audited balance sheet. An NBFC-MFI has been defined under the Master Directions to mean a non-deposit taking NBFC (other than a company formed and registered under Section 25 of the Companies Act, 1956) that fulfills the following conditions:

(i) a minimum net owned fund of ₹50 million (for NBFC-MFI's registered in the North Eastern regions of India, this requirement is ₹ 20 million); and

(ii) Not less than 75% of its total assets are in the nature of microfinance loans as defined under Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 (wherein "microfinance loans" collateral-free loan given to a household having annual household income up to ₹3,00,000. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children.)

Corporate Governance

Constitution of Committees

All Applicable NBFCs are required to constitute the committees disclosed below:

(i) Audit Committee: An NBFC is required to constitute an audit committee consisting of not less than three members of its board of directors. The audit committee constituted by an NBFC as required under Section 177 of the Companies Act, 2013 shall be the audit committee for the purposes of the Master Directions as well, and its powers and functions shall be as provided under Section 177 of the Companies Act, 2013. The Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the applicable NBFCs.

(ii) Nomination Committee: NBFCs are required to constitute a nomination committee to ensure 'fit and proper' status of proposed or existing directors, which shall have the same powers and functions as the nomination and remuneration committee required to be constituted under Section 178 of the Companies Act, 2013.

(iii) Risk Management Committee: NBFCs are required to constitute a risk management committee to manage the integrated risk.

(iv) Asset Liability Management Committee: NBFCs are required to constitute an asset liability management committee. The asset liability management committee is required to be headed by the chief executive officer/ managing director or the executive director of such NBFC, as prescribed under the Master Directions

Fit and Proper Criteria 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 Master Directions; (b) obtain a declaration and undertaking from directors giving additional information on the directors, in the format prescribed under the Master Directions; (c) obtain a deed of covenant signed by directors, in the format prescribed under the Master Directions; and (d) furnish to the RBI a quarterly statement on change of directors and a certificate from the managing director of the Applicable NBFCs that fit and proper criteria in selection of the directors has been followed. The statement must be submitted to the Regional Office of the Department of Non-Banking Supervision of the RBI where the Applicable NBFC is registered, within 15 days of the close of the respective quarter. The statement submitted for the quarter ending March 31, is required to be certified by the auditors.

Applicable NBFCs are required to place before the board of directors, at regular intervals, as may be prescribed by their respective boards of directors, the following:

(i) progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the concerned Applicable NBFC; and

(ii) conformity with corporate governance standards including composition of committees, their roles and functions, periodicity of the meetings and compliance with coverage and review functions and so on.

Applicable NBFCs shall rotate the partners of the chartered accountant firm conducting the audit, every three years so that the same partner shall not conduct audit of such NBFC continuously for more than three years. Further, such NBFCs shall frame their internal guidelines on corporate governance with the approval of the board of directors which shall be published on their respective websites.

Acquisition or Transfer of Control

Applicable NBFCs are required to obtain prior written permission of RBI for (a) any takeover or acquisition of control, which may or may not result in change in management, (b) any change in the shareholding, including progressive increases over time, which would result in acquisition or transfer of shareholding of 26% or more of the paid-up equity capital (no prior approval is required if the shareholding going beyond 26% is due to buy-back of shares or reduction in capital where it has approval of a competent court but must be reported to the RBI within one month of the occurrence), and (c) any change in the management of the Applicable NBFCs, which results in change in more than 30% of the directors, excluding independent directors, provided that no prior approval shall be required in case of directors who get re-elected on retirement by rotation.

Prudential Norms

All NBFC-MFIs are required to maintain capital adequacy ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets. The total of Tier II Capital at any point of time, shall not exceed 100% of Tier I capital.

Multiple-lending, Over-borrowing and Ghost-borrowers

(i) NBFC-MFIs can lend to individual borrowers who are not member of Joint Liability Group(JLG)/Self Help Group(SHG) or to borrowers that are members of JLG/SHG.
(ii) There must be a minimum period of moratorium between the grant of the loan and the due date of the repayment of the first instalment. The moratorium shall not be less than the frequency of repayment e.g. in the case of weekly repayment, the moratorium shall not be less than one week.
(iii) Recovery of loan given in violation of the regulations shall be deferred till all prior existing loans are fully repaid.

Asset Classification and Provisioning Norms

All NBFC-MFIs are required to adopt the asset classification and provisioning norms as set forth below:

(i) a "standard asset" means the asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business; and

(ii) a "non-performing asset" means an asset for which interest or principal payment has remained overdue for a period of 90 days or more.

For non-performing assets related to microfinance loans of NBFC MFIs, meeting, provisioning norms are set forth below:

(i) the aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of (a) 1% of the outstanding loan portfolio; or (b) 50% of the aggregate loan installments overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments overdue for 180 days or more.

NBFC-MFIs are also required to comply with other asset classification and provisioning norms governing other Applicable NBFCs to the extent such norms are not contradictory to the norms disclosed hereinabove.

Transparency in Interest Rates

To ensure fair practice in lending, NBFC-MFIs are permitted to have only three components in the pricing of loans: (a) the interest charge, (b) the processing charge and (c) the insurance premium (which includes the administrative charges in respect thereof).

Further, NBFC-MFIs may charge penalty on delayed payments subject to board approved policy. NBFC-MFIs are required to have a standard form of loan agreement (preferably in vernacular language) approved by their respective board of directors, and provide borrowers with a loan card disclosing prescribed information, including, a) effective rate of interest; b) all other terms and conditions attached to the loan; c) information which adequately identifies the borrower and acknowledgements by the NBFC- MFI of all repayments including installments received and final discharge; and d) grievance redressal system. All disclosures in the loan card shall be in vernacular language. Further, the effective rate of interest charged by the NBFC-MFIs are required to be prominently displayed in all offices and websites of, and all literature issued by, such NBFC-MFIs.

Ensuring Compliance with Conditionalities

The responsibility for compliance with applicable regulations lies primarily with the NBFC-MFIs themselves. Every

NBFC-MFI is required to be a member of all credit information companies ("CICs") established under the Credit Information Companies (Regulation) Act, 2005, as amended, provide timely and accurate data to CICs and use the data available with them to ensure compliance with the conditions regarding membership of SHG/JLG, level of indebtedness and sources of borrowing.

All NBFC-MFIs are required to become member of at least one self-regulatory organization recognized by the RBI ("**SROs**") and are also required to comply with the code of conduct prescribed by such SRO.

Regulation of Excessive Interest Charged by NBFCs

(i) The board of directors of each Applicable NBFC is required to adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

(ii) The rates of interest and the approach for gradation of risks shall also be made available on the website of the Applicable NBFCs or published in the relevant newspapers. The information published in the website or otherwise published shall be updated whenever there is a change in the rates of interest.

(iii) The rate of interest must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

(iv) The average interest paid on borrowings and charged by the NBFC-MFI shall be calculated on average monthly balances of outstanding borrowings and loan portfolio, respectively.

(v) NBFC-MFIs shall recover only the actual cost of insurance for group, or livestock, life, health for borrower and spouse. Administrative charges, where recovered, shall be as per applicable IRDA guidelines.

Fair Practices Code

All Applicable NBFCs having customer interface are required to adopt a fair practices code in line with the guidelines prescribed under the Master Directions. The Master Directions stipulate that such fair practices code should cover, *inter alia*, the form and manner of processing of loan applications; loan appraisal and terms and conditions thereof; and disbursement of loans and changes in terms and conditions of loans. The Master Directions also prescribe general conditions to be observed by Applicable NBFCs in respect of loans and requires the board of directors of Applicable NBFCs to lay down a grievance redressal mechanism. Such fair practices code should preferably be in vernacular language or language understood by borrowers of the Applicable NBFCs.

Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022, dated March 14, 2022 (the "Microfinance Loans Directions")

The RBI issued the Microfinance Loans Directions in order to provide a uniform lending framework for all entities engaged in microfinance lending. The Microfinance Loans Directions come into effect from April 01, 2022, subject to certain exceptions as provided under the Master Directors 2022.

The Microfinance Loans Directions are applicable to the following entities:

(i) All commercial banks (including small finance banks, local area banks, and regional rural banks) excluding payment banks;

(ii) All primary (urban) co-operative banks /state co-operative banks/district central co-operative banks; and

(iii) All non-banking financial companies (including microfinance institutions and housing finance companies).

Definition of Microfinance Loans

The directions define microfinance loan as a collateral-free loan given to a household having annual household income up to ₹ 300,000. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children. Further, all collateral-free loans, irrespective of end use and mode of application/ processing/ disbursal (either through physical or digital channels), provided to low-income households, i.e., households having annual income up to ₹ 300,000, shall be considered as microfinance loans.

Assessment of Household income

As per the Master Directions 2022, each entity shall put in place a board-approved policy for assessment of household income. Further, it prescribes that the self-regulatory organisations ("**SROs**") and other associations/ agencies may also develop a common framework based on the indicative methodology and the REs may adopt/ modify this framework suitably as per their requirements with approval of their boards. Each RE shall also mandatorily submit information regarding household income to the Credit Information Companies (CICs).

Limit on Loan Repayment Obligations of a Household

The Directions provide that each entity shall have a board-approved policy regarding the limit on the outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income, which shall be subject to a limit of maximum 50 per cent of the monthly household income. With respect to existing loans or which outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income exceed the limit of 50 per cent, shall be allowed to mature. However, in such cases, no new loans shall be provided to these households till the prescribed limit of 50 per cent is complied with.

Pricing of Loans

Each entity regulated under the directions is required to have a board approved policy regarding pricing of microfinance loans which shall, inter alia, cover the following: (i) a well-documented interest rate model/ approach for arriving at the all-inclusive interest rate; (ii) delineation of the components of the interest rate such as cost of funds, risk premium and margin, etc. in terms of the quantum of each component based on objective parameters; (iii) the range of spread of each component for a given category of borrowers; and (iv) a ceiling on the interest rate and all other charges applicable to the microfinance loans. Further, each RE is required to disclose such pricing related information to the prospective borrower in a standardized factsheet in the manner provided under the Master Directions 2022 and the borrower shall not be charged any amount which is not explicitly mentioned in the factsheet.

It is also provided that there shall be no pre-payment penalty on microfinance loans and penalty, if any, for delayed payment shall be applied on the overdue amount and not on the entire loan amount. Further, any change in interest rate or any other charge shall be informed to the borrower well in advance and these changes shall be effective only prospectively.

Guidelines on Conduct towards Microfinance Borrowers

The directions prescribes certain guidelines for the entities which among other things, include, that putting up a fair practices code by the RE, a standard form of loan agreement, issuance of non-credit products with full consent of borrowers, guidelines on training of staff, responsibilities for outsourced activities, guidelines related to recovery of loans and engagement of recovery agents.

Qualifying Asset Criteria

Under the Microfinance Loans Directions, the definition of 'qualifying assets' of NBFC-MFIs has now been aligned with the definition of 'microfinance loans' given above. The minimum requirement of microfinance loans for NBFC-MFIs is also revised to 75 per cent of the total assets. Further, the maximum limit on microfinance loans for NBFCs other than the NBFC-MFIs has been revised to 25% of the total assets.

Master Direction (Know Your Customer) Directions, 2016 dated February 25, 2016, as amended (the "KYC Directions")

The KYC Directions require regulated entities (as defined in such directions) to follow certain customer identification procedures while undertaking a transaction. These directions are applicable to every entity regulated by RBI, including scheduled commercial banks, regional rural banks, local area banks, primary (urban) co- operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non- banking companies and residuary non-banking companies, amongst others. Every entity regulated thereunder is required to adopt a 'know your customer' ("**KYC**") policy, duly approved by its board of directors, which shall include four key elements, namely, customer acceptance policy; risk management policy; customer identification procedures; and monitoring of transactions. Regulated entities are required to ensure compliance with the KYC policy through specifying 'senior management' for the purposes of KYC compliance; allocation of responsibility for effective implementation of policies and procedures; independent evaluation of compliance with KYC and anti-mone laundering policies and procedures, including legal and regulatory requirements; concurrent/internal audit system for compliance to verify compliance with KYC and anti-money laundering; and submission of quarterly audit notes and compliance to the audit committee of the board of directors of the regulated entity.

Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016 ("Monitoring of Frauds Directions")

The Monitoring of Frauds Directions are applicable to all deposit taking NBFCs and NBFC-ND-SIs, and requires them to put in place a reporting system for recording of frauds. All frauds are required to be reported to the RBI. Fraud reports are required to be submitted to the Central Fraud Monitoring Cell of the RBI in case amount of fraud ₹ 10 million and above. In cases where the amount of fraud is less than ₹10 million, reports shall be sent to the regional office of the Department of Non-Banking Supervision of the RBI, under whose jurisdiction the registered office of the related entity falls. The amounts involved in frauds reported by the entity shall be disclosed in its balance sheet for the year of such reporting. The Monitoring of Frauds Directions also requires submission of a copy of quarterly reports on frauds outstanding to the regional office of the RBI within 15 days of the end of each quarter to which it relates, in the format prescribed.

Master Direction – Non–Banking Financial Company Returns (Reserve Bank) Directions, 2016, dated September 29, 2016 ("Returns Master Direction")

The Returns Master Direction lists detailed instructions in relation to submission of returns prescribed by the RBI for various categories of NBFCs, including their periodicity, reporting time, due date, purpose and the purpose of filing such returns.

Master Direction - Information Technology Framework for the NBFC Sector Directions, dated June 8, 2017 ("IT Framework Directions")

The IT Framework Directions have been notified with the view of benchmarking the information technology/information security framework, business continuity planning, disaster recovery management, information technology ("**IT**") audit and other processes to best practices for the NBFC sector. Systemically important NBFCs (i.e., NBFCs with an asset size of above ₹5,000 million) are required to comply with the IT Framework Directions by June 30, 2018. The IT Framework Directions require all systemically important NBFCs to undertake IT governance through formation of an IT strategy committee and formulation of a board approved IT policy. They also require systemically important NBFCs to conduct an information system audit at least once in a year.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017 dated November 9, 2017 ("Outsourcing Directions")

The Outsourcing Directions specify the activities that cannot be outsourced and provide the basis for deciding materiality of outsourcing. It mandates the regulatory and supervisory requirements and risk management practices to be complied with by every NBFC before outsourcing its activities.

Guidelines on Risk-based Internal Audit ("RBIA") System for Select NBFCs and Urban Co-operative Banks dated February 3, 2021(the "RBIA Guidelines")

The RBIA for non-deposit taking NBFCs with an asset size of INR 5000 crore and above (the "**Applicable NBFCs**"), was mandated by the RBI through its notification dated February 3, 2021 bearing reference number DoS.CO.PPG./SEC.05/11.01.005/2020-21. Under the RBIA Guidelines, Applicable NBFCs are required to implement the RBIA framework by March 31, 2022. The RBIA Guidelines, *inter alia,* are intended to enhance the efficacy of internal audit systems and contribute to the overall improvement of governance, risk management and control processes followed by the Applicable NBFCs. Under the RBIA Guidelines, the board of directors of the Applicable NBFC must approve a policy clearly documenting the purpose, authority, and responsibility of the internal audit activity, with a clear demarcation of the role and expectations from risk management function and the RBIA function. Further, the RBIA Guidelines also require that the risk assessment of business and other functions of Applicable NBFCs should be conducted at least on an annual basis.

2. Restrictions in Foreign Ownership applicable to our Company

The Consolidated FDI Policy Circular of 2020 (No. 5(2)/2020) dated October 15, 2020, as amended ("FDI Circular") issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India ("DPIIT")

Foreign investment in NBFCs, carrying on activities approved for FDI, is subject to the conditions specified in Paragraph 3.8.3.1 of the FDI Circular. Pursuant to the FDI Circular, FDI of up to 100% is permitted under the automatic route in our Company.

Foreign investment in securities issued by Indian companies, such as us, is also regulated by the RBI, including through the FEMA.

3. Covid-19 Regulatory Framework

In view of the outbreak of the COVID-19 pandemic, the RBI has issued various circulars and prescribed other regulatory frameworks and relaxations governing NBFCs to deal with the disruptions caused by the COVID-19 pandemic.

Pursuant to its circular dated March 16, 2020, the RBI provided an indicative list of actions to be taken by NBFCs as part of their operations and business continuity plans. Among others, the actions included taking steps to share important instructions/strategy with the staff members at all levels and sensitizing the staff members about preventive measures/steps to be taken in suspected cases, based on the instructions received from health authorities from time-to-time, taking stock of critical processes and revisiting business continuity plan in the emerging situations/scenarios with the aim of continuity in critical interfaces and preventing any disruption of services, due to absenteeism either driven by the individual cases of infections or preventive measures.

The RBI, pursuant to its circular dated March 27, 2020, announced certain regulatory measures, including, *inter alia*, to mitigate the burden of debt servicing brought about by disruptions on account of the COVID-19 pandemic and to ensure the continuity of viable businesses. In furtherance of such circular, lending institutions were permitted to grant a moratorium of three months on payment of all instalments (including all (i) principal and/or interest components; (ii) bullet repayments; (iii) equated monthly instalments; and (iv) credit card dues) falling due between March 1, 2020 and May 31, 2020 in respect of all term loans (including agricultural term loans, retail and crop loans) ("**Moratorium Period**"). Additional relaxations were granted in relation to the calculation of 'drawing power' in respect of working capital facilities sanctioned in the form of cash credit/overdraft ("**CC/OD**") to borrowers. Under the circular, such measures will not be treated as a concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower under paragraph 2 of the Annexure to the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 ("**Prudential Framework**") and availing of such measures, by itself, shall not result in asset classification downgrade. The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to credit information companies ("**CICs**") by the lending institutions. CICs have been instructed to ensure that the actions taken by lending institutions pursuant to the above announcements do not adversely impact the credit history of the beneficiaries. The circular also states that wherever the exposure of a lending institution to a borrower is ₹50 million or above as on March 1, 2020, the lending institution shall develop an MIS on the reliefs provided to its borrowers which shall, *inter alia*, include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted.

Pursuant to its circular dated May 23, 2020, the RBI further permitted lending institutions (including NBFCs) to extend the Moratorium Period on payment of all instalments in respect of term loans (including agricultural term loans, retail and crop loans) by another three months, i.e., from June 1, 2020 to August 31, 2020. Such circular also permitted certain relaxations in respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions, subject to certain conditions.

The above measures under the RBI circular dated May 23, 2020, shall be contingent on the lending institutions satisfying themselves that such measures are necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under this relaxation shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19. Lending institutions accordingly, may put in place a board approved policy to implement the above measures.

Further, the RBI through its 'Statement on Developmental and Regulatory Policies' dated August 6, 2020, stated that with the intent to facilitate revival of real sector activities and mitigate the impact on the ultimate borrowers, provided a window under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as standard (as set out under the Prudential Framework) subject to specified conditions. The RBI has also issued a notification on August 6, 2020 titled 'Resolution Framework for COVID-19-related Stress' ("**COVID-19 Resolution Framework**"). Under the COVID-19 Resolution Framework, lending institutions are required to frame policies, as approved by their board of directors, for implementation of viable resolution plans for eligible borrowers pursuant to the COVID-19 Resolution Framework and ensure that the resolution plans under this facility are extended only to borrowers bearing stress on account of the COVID-19 pandemic.

The RBI, pursuant to its circular dated September 7, 2020 on "Resolution Framework for COVID-19-related Stress – Financial Parameters", set out key ratios to be mandatorily considered while finalizing the resolution plans in respect of resolution framework. Further, it also prescribed sector specific thresholds to be considered by the lending institutions, intended as floors or ceilings. The resolution plans shall take into account the pre-COVID-19 operating and financial performance of the borrower and impact of COVID-19 on its operating and financial performance at the time of finalizing the resolution plan, to assess the cash flows in subsequent years, while stipulating appropriate ratios in each case. Lending institutions are free to consider other financial parameters as well while finalizing the resolution assumptions in respect of eligible borrowers apart from the above mandatory key ratios and the sector-specific thresholds that have been prescribed.

RBI more recently announced certain measures vide Resolution Framework 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses ("**Resolution Framework 2.0**"), dated May 5, 2021, to alleviate uncertainties and stress on individual borrowers and small businesses many of whom are finding it difficult to repay loans on time. Resolution Framework 2.0 focused on providing restructuring of loans granted through proposed resolution plans by rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility, revisions in working capital sanctions, granting or extending of moratorium, etc. The resolution plans implemented and the number of borrower accounts where modifications were sanctioned, have to be disclosed on a quarterly basis by the lending institutions.

RBI Circular - Declaration of dividends by NBFCs dated June 24, 2021

The circular on Declaration of dividends by NBFC was issued by the RBI in order to infuse transparency and uniformity in practice. The guidelines came into effect for declaration of dividend from the profits of the financial year ending March 31, 2022

Board Oversight

The guidelines provide that the Board of Directors shall, while considering the proposals for dividend, take into account the following aspects: (a) Supervisory findings of the Reserve Bank (National Housing Bank (NHB) for HFCs) on divergence in classification and provisioning for Non-Performing Assets (NPAs), (b) Qualifications in the Auditors' Report to the financial statements; and (c) Long term growth plans of the NBFC.

The Board shall ensure that the total dividend proposed for the financial year does not exceed the ceilings specified in these guidelines.

Eligibility criteria

The guidelines provide that NBFCs have to comply with certain minimum criteria to be eligible to declare dividend. The minimum criteria is based on three following parameters:

i. Capital Adequacy: NBFCs (other than Standalone Primary Dealers) shall have met the provided regulatory capital requirement for each of the last three financial years including the financial year for which the dividend is proposed and Standalone Primary Dealers (SPDs) should have maintained a minimum CRAR of 20 per cent for the financial year (all the four quarters) for which dividend is proposed.

ii. Net NPA: The net NPA ratio shall be less than 6 per cent 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. Other criteria: NBFCs shall comply with the provisions of Section 45 IC of the Reserve Bank of India Act, 1934. NBFCs shall be compliant with the prevailing regulations/ guidelines issued by the Reserve Bank. The Reserve Bank shall not have placed any explicit restrictions on declaration of dividend.

Quantum of Dividend Payable

The circular provides that NBFCs that are eligible to declare dividend may pay dividend on the basis of the Dividend Payout Ratio which is defined as the ratio between the amount of the dividend payable in a year and the net profit as per the audited financial statements for the financial year for which the dividend is proposed. The circular provides for maximum dividend payment ratio depending on the type of NBFC.

RBI Circular – Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs date October 22, 2021 ("NBFC framework") read with RBI notification - Compliance Function and Role of Chief Compliance Officer (CCO) - NBFCs dated April 11, 2022

The NBFC framework was issued in order to encompasses different facets of regulation of NBFCs covering capital requirements, governance standards, prudential regulation. The RBI therefore issued an integrated regulatory framework for NBFCs under NBFC framework. The RBI released the NBFC Framework which shall come into effect from October 01, 2022. The provision with respect ceiling of ₹ 1 crore per borrower for financing subscription to initial public offer (IPO) wherein the NBFCs can fix more conservation limits ("Ceiling on IPO Funding"), has come into effect from April 01, 2022.

Pursuant to the NBFC framework, Regulatory structure for NBFCs shall comprise of four layers based on their size, activity, and perceived riskiness.

i. NBFCs in the lowest layer shall be known as NBFC - Base Layer (NBFC-BL), which shall comprise of (a) non-deposit taking NBFCs below the asset size of ₹ 1000 crore and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface;

ii. NBFCs in middle layer shall be known as NBFC - Middle Layer (NBFC-ML) and shall consist of (a) all deposit taking NBFCs (NBFC-Ds), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹1000 crore and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund - Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFCs);

iii. NBFCs in the upper layer shall be known as NBFC- Upper Layer (NBFC-UL) and shall comprise of those NBFCs which are specifically identified by the RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in the appendix as provided in the NBFC Framework. The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor; and

iv. The top layer will be known as NBFC - Top Layer (NBFC-TL) and will ideally remain empty. This layer can get populated if the RBI is of the opinion that there is a substantial increase in the potential systemic risk from specific NBFCs in upper layer. Such NBFCs shall move to the top layer from the upper layer.

Under the NBFC framework, NBFC MFIs could lie in any of the layers of the regulatory structure depending on the parameters of the scale based regulatory framework.

The NBFC framework has introduced certain regulatory changes to all NBFCs under the Scale Based Regulation. It provides or a transition path for increasing the minimum regulatory Net Owned Fund ("NOF") for NBFCs under all layers to ₹100 million by March 31, 2027, and a transition path has been provided for NPA classification norm has been changed to the overdue period of more than 90 days for all categories of NBFCs by March 31, 2026.

The NBFC Framework provides a transition path for the NBFCs including the transition of NBFCs to the upper layer, classification of government owned NBFCs and regulation of NBFCs not availing public funds and not having customer interface.

The NBFC-UL and NBFC-ML shall have an independent Compliance Function and a Chief Compliance Officer (CCO) latest by April 1, 2023 and October 1, 2023, respectively. The Board/Audit Committee (Board committee) shall ensure that an appropriate Compliance Policy is put in place and implemented. The Senior Management shall carry out an exercise, at least once a year, to identify and assess the major compliance risk facing the NBFC and formulate plans to manage it.

RBI Clarifications - Prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances dated November 12, 2021 and February 15, 2022

Specification of due date/repayment date

The exact due dates for repayment of loan, frequency of repayment, breakup between principal and interest, examples of SMA/NPA classification dates, etc. shall be clearly specified in the loan agreement and the borrower shall be apprised of the same at the time of loan sanction and at the time of subsequent changes, if any, to the sanction terms/loan agreement till full repayment of the loan. In cases of loan facilities with moratorium on payment of principal and/or interest, the exact date of commencement of repayment shall also be specified in the loan agreements.

Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)

The borrower accounts shall be flagged as overdue by the lending institutions as part of their day-end processes for the due date, irrespective of the time of running processes. Similarly, classification of borrower accounts as Special Mention Account (SMA) as well as NPA shall be done as part of day-end process for the relevant date and the SMA or NPA classification date shall be the calendar date for which the day end process is run. In case of borrowers having more than one credit facility from a lending institution, loan accounts shall be upgraded from NPA to standard asset category only upon repayment of entire arrears of interest and principal pertaining to all the credit facilities.

NPA classification in case of interest payments

In case of interest payments in respect of term loans, an account will be classified as NPA if the interest applied at specified rests remains overdue for more than 90 days.

4. Other Regulations

In addition to the above, our Company is required to comply with the provisions of the Companies Act, labour laws, various tax related legislations and other applicable statutes for its day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was originally incorporated as Ambience Fincap Private Limited on September 5, 1994 at New Delhi, India as a private limited company under the Companies Act, 1956, as amended. On January 9, 2003, the RBI granted a certificate of registration bearing registration no. B-14.02857 to our Company, for the registration of our Company as a non-deposit accepting non-banking financial company ("**NBFC**") under Section 45IA of the Reserve Bank of India Act, 1934. Subsequently, the name of our Company was changed to 'Fusion Micro Finance Private Limited' and a fresh certificate of incorporation, dated April 19, 2010 was issued by the RoC to describe the business of the Company, post which the RBI granted a certificate of registration dated May 19, 2010 reflecting the change of name. Our Company was granted NBFC – Microfinance Institution ("**NBFC-MFI**") status by the RBI with effect from January 28, 2014 and a modified certificate of registration bearing registration no. B-14.02857 was issued by the RBI to this effect.

The name of our Company was further changed to Fusion Micro Finance Limited upon conversion to a public limited company and a fresh certificate of incorporation was issued by the RoC on July 20, 2021, post which a fresh certificate of registration as an NBFC (not accepting public deposits) dated October 1, 2021, was issued by the RBI reflecting the change in name of our Company.

For further details of the registrations in relation to the business of our Company, see "*Government and Other Approvals*" on page 385.

Changes in the registered office

Except as disclosed below, there has been no change in the registered office of our Company since the date of its incorporation.

Date of change	Details of change in the address of the Registered Office	Reason for change in the address
September 5, 1994	The registered office of our Company was shifted from 81, Delhi Administrative Flats, Near NIMRI Colony, Ashok Vihar – IV, Delhi – 110052 to 705 A/4C, Ward No. 3, Mehrauli, New Delhi, 110030.	Business and commercial reasons
August 16, 1999	The registered office of our Company was shifted from 705 A/4C, Ward No. 3, Mehrauli, New Delhi, 110030 to Sri Venkatesh Bhavan, 212 A, Shahpurjat, New Delhi, 110049.	Business and commercial reasons
December 29, 2000	The registered office of our Company was shifted from 212 A, Shahpurjat, New Delhi, 110049 to A-1/22, Safdarjung Enclave, New Delhi 110029.	Business and commercial reasons
November 25, 2009	The registered office of our Company was shifted from A-1/22, Safdarjung Enclave, New Delhi 110029 to A247/2, Ashok Vihar, Phase I New Delhi, 110052.	Business and commercial reasons
June 22, 2010	The registered office of our Company was shifted from A247/2, Ashok Vihar, Phase I New Delhi, 110052 to 303-304, 3rd floor, Building No. 2, Community Centre, Naraina Phase I, New Delhi, 110028 .	Due to shortage of space
April 29, 2013	The registered office of our Company was shifted from 303-304, 3rd floor, Building No. 2, Community Centre, Naraina Phase I, New Delhi, 110028 to C-3, Community Centre, Naraina Vihar, New Delhi, 110028.	Due to shortage of space
January 2, 2017	The registered office of our Company was shifted from C-3, Community Centre, Naraina Vihar, New Delhi, 110028 to H-1, C Block, Community Centre, Naraina Vihar, New Delhi, 110028.	Business and commercial reasons

Our main objects

The main objects of our Company as contained in our MoA are:

1. *"To advance, deposit, or lend money, securities and property, (not amounting to the business of banking as defined under the Banking Regulation Act, 1949) to or with such persons, firms or bodies corporate*

as the Company thinks fit and in particular to customers and other having dealings with the Company and on such terms as may seem expedient, and to discount, buy, sell and deal in bills, notes, warrants, coupons and other negotiable or transferable securities or documents and to guarantee the performance of any contract by any such person.

2. *To carry on the business of Micro Finance and provide finance to the weaker sections.*

3. *To carry on the business of financing development activities through long term loans and other means of financing upon such terms and conditions as the company may think fit for the purposes of:*

   (i) *Agricultural development which includes land acquisition and development, irrigation, watershed development, crop cultivation, plantation, horticulture, forestry, animal husbandry and allied activities, such as dairy, poultry, fishery, aqua culture and floriculture.*

   (ii) *Industrial development which includes agro-processing, mining and quarrying, water, power and renewable sources of energy, manufacturing, handicrafts, construction, distribution, transport, and services of all kinds.*

   (iii) *Market related activities such as marketing of agricultural, poultry, cottage industry, handicraft or other hand made items, fishing, livestock and industrial outputs, providing facilities for storage, trading and transport for inputs and outputs.*

   (iv) *Housing development such as purchase, construction, extension and modification of buildings and infrastructure facilities for residential, agricultural, commercial or industrial purposes.*

4. *To carry on and undertake the business of being an intermediary for distribution of financial services and products such as mutual funds, life and general insurance products of other insurance companies, etc. subject to the rules and regulations prescribed by the Insurance Regulatory and Development Authority, Reserve Bank of India, SEBI and such other authorities as may be applicable from time to time."*

Amendments to our MoA

Set out below are the amendments to our MoA in the last ten years:

Date of Shareholders' resolution	Nature of amendment
March 7, 2013	Clause V of the MoA was amended to reflect the reclassification of the authorized share capital of our Company from ₹ 120,000,000 comprising of 7,000,000 Equity Shares of ₹ 10 each and 5,000,000 Preference Shares of ₹ 10 each to 12,000,000 Equity Shares of ₹ 10 each.
June 30, 2014	Clause V of the MoA was amended to reflect the increase in the authorised share capital of our Company from ₹ 120,000,000 comprising of 12,000,000 Equity Shares of ₹ 10 each to ₹ 220,000,000 divided into 19,000,000 Equity Shares of ₹ 10 each and 3,000,000 Preference Shares of ₹ 10 each.
March 12, 2015	Clause V of the MoA was amended to reflect the increase in the authorised share capital of our Company from ₹ 220,000,000 divided into 19,000,000 Equity Shares of ₹ 10 each and 3,000,000 Preference Shares of ₹ 10 each to ₹ 280,000,000 divided into 23,000,000 Equity Shares of ₹ 10 each and 5,000,000 Preference Shares of ₹ 10 each.
May 11, 2016	Clause V of the MoA was amended to reflect the increase in the authorised share capital of our Company from ₹ 280,000,000 divided into 23,000,000 Equity Shares of ₹ 10 each and 5,000,000 Preference Shares of ₹ 10 each to ₹ 450,000,000 divided into 40,000,000 Equity Shares of ₹ 10 each and 5,000,000 Preference Shares of ₹ 10 each.
June 30, 2017	Clause V of the MoA was amended to reflect the increase in the authorised share capital of our Company from ₹ 450,000,000 divided into 40,000,000 Equity Shares of ₹ 10 each and 5,000,000 Preference Shares of ₹ 10 each to ₹ 550,000,000 divided into 50,000,000 Equity Shares of ₹ 10 each and 5,000,000 Preference Shares of ₹ 10 each.
August 28, 2018	Clause V of the MoA was amended to reflect the increase in the authorised share capital of our Company from ₹ 550,000,000 divided into 50,000,000 Equity Shares of ₹ 10 each and 5,000,000

Date of Shareholders' resolution	Nature of amendment
	Preference Shares of ₹ 10 each to ₹ 750,000,000 divided into 70,000,000 Equity Shares of ₹ 10 each and 5,000,000 Preference Shares of ₹ 10 each.
December 5, 2019	Clause V of the MoA was amended to reflect the increase in the authorised share capital of our Company from ₹ 750,000,000 divided into 70,000,000 Equity Shares of ₹ 10 each and 5,000,000 Preference Shares of ₹ 10 each to ₹ 950,000,000 divided into 90,000,000 Equity Shares of ₹ 10 each and 5,000,000 Preference Shares of ₹ 10 each.
April 26, 2021	Amendment of Clause I of our MoA was amended to reflect the change in name of our Company from Fusion Micro Finance Private Limited to Fusion Micro Finance Limited, pursuant to conversion of our Company from a private limited company to a public limited company. Clause V of the MoA was amended to reflect the reclassification in the authorised share capital of our Company from ₹ 950,000,000 divided into 90,000,000 Equity Shares of ₹ 10 each and 5,000,000 Preference Shares of ₹ 10 each to ₹950,000,000 divided into 95,000,000 Equity Shares of ₹ 10 each. Further the MoA was amended to reflect the increase in authorised share capital of our company from ₹950,000,000 divided into 95,000,000 Equity Shares of ₹ 10 each to ₹1,050,000,000 divided into 105,000,000 Equity Shares of ₹ 10 each.

Total number of Shareholders of our Company

As on the date of this Red Herring Prospectus, our Company has 85 Shareholders.

For further details, see "*Capital Structure*" on page 79.

Key awards, accreditations, and recognition

The table below sets forth some of the awards and accreditations received by our Company:

Calendar Year	Key Awards and Accreditations
2022	1. Awarded the 'Silver award - Covid Indigenous Response Project 'at the CSR Health Impact Awards from the IHW Council. 2. Awarded for 'Financial Inclusion & Future Services in India – 2030' in the lending category and small NBFC class by Assocham at the 17th Annual Summit & Awards Banking and Financial Sector Leading Companies. 3. Certified as a 'great workplace' as per the assessment conducted by Great Place to Work® Institute (India).
2021	1. Awarded 'Great Workplace' certification as well as winning a spot for the first time in the 'Top 30 BFSI Workplaces' List by Great Place to Work Institute India. 2. Recognized among the Fortune India Next Fortune 500 companies with the potential to transition from a mid-size marvel to a successful Fortune 500 company by Fortune India.
2020	1. Awarded 'Best Workplaces in Microfinance' by Great Place to Work Institute India. 2. Awarded 'Financial Inclusion & Literacy Leadership Award 2020' from AWOKE India Foundation at India Financial Literacy Conclave 2020 in the category 'Institution'. 3. Ranked 150th in the Special Report Financial Times High-Growth Companies Asia-Pacific 2020.
2019	1. Awarded 'CSR Leadership Award' by UBS Forums at CSR Summit & Awards 2019. 2. Awarded 'Best BFSI Brand' at India UAE Strategic Conclave 2019. 3. Awarded 'Dream Company to Work' in 'Microfinance' category from ABP News at BFSI Conclave, 2019.
2018	1. Awarded 'Best NBFC - MFI in Customer Literacy and Capacity building' at MFIN Awards, 2018. 2. Awarded 'Champions of Rural Markets 2018' award at The Economic Times Rural Strategy Summit, 2018. 3. Awarded 'Project of the Year Award 2018' from the Project Management Institute, India.
2017	1. Awarded 'Best Usage of ICT in Rural Development' award at Business World Digital India Summit, 2017. 2. Recognized as one of the '10 most valuable Non-banking Financial Companies' by Insight Success.

Calendar Year	Key Awards and Accreditations
2016	1. Awarded 'Star of the Industry Awards' under BFSI category from the Star Group. 2. Recognized as 'S.T.A.R (Socially Transparent and Responsible) MFI 2015' by MIX.
2014	Awarded 'Best MFI of the Year 2014' at 'Microfinance India Awards 2014' instituted by ACCESS.

Major events and milestones

The table below sets forth some of the major events in the history of our Company:

Financial Year	Details
1994	The Company was incorporated as Ambience Fincap Private Limited
2010	Started operating under the brand name 'Fusion'
	First investment by RIF North 2 in our Company
2013	First investment by NMI Frontier Fund and the other foreign shareholder of the Company at that time
2014	Issuance of first Listed Non-Convertible Debentures
2015	Expanded operation in up to five states
	First investment by Oikocredit Ecumenical Development Cooperative Society U.A. and Belgian Investment Company in our Company
2016	First investment by Creation I and Global Impact Funds, S.C.A., SICAR and certain existing shareholders, in our Company
2017	Achieved AUM of over INR 1,000 Crore
2018	Expanded operations up to 18 states
	First investment by Honey Rose, which is directly owned by certain private equity funds managed by Warburg Pincus LLC and follow-on round by Creation I in our Company
	Issuance of market-linked debentures
2019	Follow-on round from Honey Rose, which is directly owned by certain private equity funds managed by Warburg Pincus LLC and Creation II
2021	Reached 2,200,000 active loan clients through 725 branches across 18 states

Time/cost overrun

Our Company has not experienced any time or cost overruns in its business operations.

Defaults or rescheduling/restructuring of borrowings

There have been no instances of defaults or rescheduling/restructuring of borrowings availed by us from any financial institutions or banks.

Launch of key products or services, entry in new geographies or exit from existing market

For details of launch of key products or services, entry in new geographies or exit from existing markets, see "*Our Business*" on page 171.

Holding company, subsidiary or joint venture

As on the date of this Red Herring Prospectus, our Company does not have any holding company, subsidiary or joint venture.

Significant strategic or financial partnerships

Our Company does not have any significant strategic or financial partners.

Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamations or any revaluation of assets, in the last 10 years

Our Company has not undertaken any material acquisitions or divestments of any business or undertaking, and has not undertaken any material merger, amalgamation or any revaluation of assets, in the last ten years.

Material Subsisting Agreements

Except for the agreements disclosed below, our Company has not entered into any other subsisting material agreement including with strategic partners, joint venture partners, and/or financial partners other than in the ordinary course of business of our Company. Except for the special rights as disclosed below in '- *Shareholders' Agreement*', our Company confirms that all special rights available to the Shareholders will cease to exist upon listing of Equity Shares on the Stock Exchanges pursuant to the Offer (without requiring any further action).

Shareholders' Agreement

Shareholders' agreement dated September 10, 2018, entered into amongst Devesh Sachdev, Honey Rose Investment Ltd, Creation Investments Fusion LLC, Creation Investments Fusion II, LLC, Global Impact Funds, S.C.A., SICAR, Oikocredit Ecumenical Development Cooperative Society U.A., Mini Sachdev, Fusion Employees Benefit Trust, Gaurav Sirohi, Sandeep Kumar Sharma, Rahul Jain, Ramesh Chaubey, Atul Sharma, Gajendra Pratap Singh, our Company and other shareholders of our Company (together, the "SHA Parties"), as amended by amendment agreements dated December 17, 2019, July 31, 2021 and October 14, 2022 each entered into amongst the SHA Parties.

The SHA Parties have agreed to enter into the SHA to govern the relationship amongst the SHA Parties (other than our Company) as Shareholders of our Company, including their rights and obligations with respect to their respective investments in our Company and the operation, administration, management of our Company and certain matters in connection therewith, such as affirmative voting rights, preemptive rights, drag rights, information rights and board nomination rights.

Pursuant to the amendment agreement dated July 31, 2021 to the SHA ("**Second Amendment Agreement**"), except as stated below, all rights of the SHA Parties shall stand automatically terminated upon receipt of the final listing and trading approvals from the Stock Exchanges for commencement of trading of Equity Shares pursuant to the Offer ("**Listing**"). As per the Second Amendment Agreement, upon listing, the surviving rights will only entail right of (i) Devesh Sachdev to appoint one executive Director which shall include the Devesh Sachdev or such other person nominated by him (the "**Founder Promoter Director**") provided that in the event the founder promoter's employment agreement with the Company in relation to him being the managing director and / or chief executive officer of the Company, is terminated by the Company 'without cause' in accordance with the terms of his employment agreement, his right will fall away from the last date of his employment as managing director and /or chief executive officer of the Company; (ii) for so long as and until Creation and Creation II collectively hold such number of Equity Shares which is equal to or greater than the 9% of the share capital of our Company, they shall collectively be entitled to nominate one Director (the "**Creation Director**"); and (iii) for so long as and until Honey Rose holds such number of Equity Shares which is equal to or greater than 9% of the share capital of our Company, it shall be entitled to nominate two Directors (each a "**Honey Rose Director**"); (iv) Creation I and Creation II shall collectively have a right to appoint the Creation Director to a maximum of two committees of the Board at any given point of time and Honey Rose shall have a right to appoint the Honey Rose Director on all committees of the Board at any given point of time. However, the rights under points (i) to (iv) above will be subject to approval of the Shareholders in the first general meeting convened after Listing, in accordance with applicable regulatory requirements.

Agreements with Key Managerial Personnel, Director, Promoters or any other employee

There are no agreements entered into by a Key Managerial Personnel or Director or Promoters or any other employee of our Company, either by themselves or on behalf of any other person, with any Shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

Guarantees given by our Promoter Selling Shareholders

As of August 31, 2022, one of our Promoter Selling Shareholders, Devesh Sachdev, has given personal guarantees for an outstanding amount of ₹ 6,689.89 million against outstanding financial indebtedness of the Company amounting to ₹ 62,956.17 million, as of August 31, 2022. In accordance with loan documents for the aforementioned indebtedness, the period of guarantee subsists during the tenure of the facility. Any default or failure by our Company to repay this loan in a timely manner, or at all, could trigger repayment obligations on the part the Guarantors.

OUR MANAGEMENT

Our Company currently has six Directors on its Board, comprising of three Independent Directors, including women Directors. For details on the strength of our Board, as permitted and required under the Articles of Association, see "*Main Provisions of Articles of Association*" on page 436. The present composition of our Board and its committees is in accordance with the corporate governance requirements provided under the Companies Act, 2013 and the SEBI Listing Regulations.

Our Board

The following table sets forth details regarding our Board as on the date of this Red Herring Prospectus:

Name, Designation, Date of Birth, Address, Occupation, Nationality, Period of Directorship, Term and DIN	Age (years)	Other directorships
Devesh Sachdev *Designation:* Managing Director and CEO *Date of Birth*: December 25, 1972 *Address:* 8, Club Road, Malibu Towne, Sector-47, South City-II Gurgaon, Haryana, India - 122018. *Occupation*: Service *Term and Period of directorship*: Director since November 5, 2009 *DIN:* 02547111	49	***Indian Companies*** Aagaz Development Foundation ***Foreign companies*** Nil
Ratna Dharashree Vishwanathan *Designation:* Independent Director *Date of Birth*: April 15, 1963 *Address:* G 702 Central Park 1, Golf Course road Sector 42, Sikanderpur Ghosi (68), Gurgaon, Haryana, India - 122002 *Occupation*: Chief Executive Officer – Reach to Teach *Term and Period of directorship*: Director since May 24, 2018 *DIN:* 07278291	59	***Indian Companies*** • Dilip Buildcon Limited • Moneyboxx Finance Limited • Reach to Teach Private Limited • Reach to Teach Foundation • Suryoday Foundation ***Foreign companies*** Nil
Namrata Kaul *Designation:* Independent Director *Date of Birth*: March 15, 1964 *Address:* Flat 401, Tower B6, World Spa West,	58	***Indian Companies*** • Bhopal Smart City Development Corporation Limited • Care India Solutions for Sustainable Development • Havells India Limited

Name, Designation, Date of Birth, Address, Occupation, Nationality, Period of Directorship, Term and DIN	Age (years)	Other directorships
Sector 30, Gurgaon, Haryana, India - 122001 *Occupation*: Professional *Term and Period of directorship*: Director since February 18, 2020 *DIN:* 00994532		• Prime Research and Advisory Limited • Prime Securities Limited • Schineider Electric Infrastructure Limited • Synergetics Management and Engineering Consultants Private Limited • Vivriti Capital Private Limited • Vivriti Asset Management Private Limited • Healthium Medtech Limited ***Foreign companies*** Nil
Narendra Ostawal *Designation:* Nominee Director *Date of Birth*: November 13, 1977 *Address:* B-4101, 41^{s} Floor, Plot CS No 77, B Wing, One Avighna Park, Mahadeo Palav Marg, Curry Road, Parel, Mumbai, Maharashtra, India - 400012 *Occupation*: Service *Nationality:* Indian *Term and Period of directorship*: Since December 05, 2018 *DIN:* 06530414	44	***Indian Companies*** • Avanse Financial Services Limited • Carmel Point Investments India Private Limited • Computer Age Management Services Limited • Home First Finance Company India Limited • IndiaFirst Life Insurance Company Limited • Warburg Pincus India Private Limited ***Foreign companies*** Nil
Kenneth Dan Vander Weele *Designation:* Nominee Director *Date of Birth*: April 22, 1953 *Address:* 445 E, North Water Street, Apt 2101, Chicago, Illinois, United States of America - 60611 *Occupation*: Professional *Term and Period of directorship*: Director since August 12, 2016 *DIN:* 02545813	69	***Indian Companies*** • Muthoot Microfin Limited • Sonata Finance Private Limited • Vivriti Capital Private Limited • Vivriti Asset Management Private Limited ***Foreign Companies*** • Creation Investments Social Ventures Fund I (USA) • Creation Investments Social Ventures Fund II, LP (USA) • Commercial Credit and Finance plc (Sri Lanka) • Creation Investments Social Ventures Fund III, LP (USA) • Creation Investments Social Ventures Fund IV, LP (USA) • NOA Holdings NV-Holland
Pankaj Vaish	60	***Indian Companies***

Name, Designation, Date of Birth, Address, Occupation, Nationality, Period of Directorship, Term and DIN	Age (years)	Other directorships
Designation: Independent Director *Date of Birth*: February 9, 1962 *Address:* 008, Embassy Eros 7, Ulsoor Road, Bangalore, Karnataka, India- 560042 *Occupation*: Management Consultant *Nationality:* Indian *Term and Period of directorship*: Director since September 22, 2021 *DIN*: 00367424		• IIFL Wealth Management Limited • Krishna Institute of Medical Sciences Limited • Indium Software (India) Private Limited • Xchanging Solutions Limited ***Foreign Companies*** Nil

Brief profiles of our Directors

Devesh Sachdev is the Managing Director and CEO of our Company. He completed his post-graduate certificate in Logistics and Supply Chain Management from XLRI, Jamshedpur and completed the HBS Accion Program on Strategic Leadership in Inclusive Finance from Harvard Business School, USA. He has over 26 years of experience in service industry sector and has in the past held various positions with Citicorp Credit Services India Limited, Samarth Financial Consultancy Private Limited, BSA Logistics Private Limited. He is also the Chairperson of the governing board of the Microfinance Institutions Network, an industry association.

Ratna Dharashree Vishwanathan is an Independent Director of our Company. She holds a Bachelor of Arts degree from Utkal University, Bhubaneshwar and studied Master of Arts at the University of Lucknow. She has over 35 years of experience and has worked in the past with the Government of India (IA & AS 87), United Nations Office for Project Services, MFIN, Oxfam India, and United Nations Development Program. She is currently on the board of Moneyboxx Finance Limited, Dilip Buildcon Limited, Reach to Teach Private Limited and Reach to Teach Foundation.

Namrata Kaul is an Independent Director of our Company. She holds a post-graduate diploma from Indian Institute of Management, Ahmedabad and was also awarded the Chevening Scholarship to study Leadership and Excellence at the London School of Economics and Political Science. She has over 34 years of experience in the finance sector in India and UK. In the past she has worked with Grindlays Bank and Deutsche Bank and is currently an independent director on several boards including Havells India Limited, Schneider Electric, Vivriti Capital Private Limited, Bhopal Smart City Development Corporation Limited.

Pankaj Vaish, aged 60, is an Independent Director of our Company. He holds a bachelor of technology degree in mechanical engineering from Indian Institute of Technology – Banaras Hindu University (IIT - BHU), Varanasi and had also completed a master of business administration (MBA) from the University of Minnesota, U.S.A. He was awarded the "Banaras Hindu University Medal" for standing first at the bachelor of technology in fifth year examinations in mechanical engineering, and the 'Distinguished Alumni Award of Excellence' by the Association of IIT-BHU Alumni, New Delhi for the year 2011-12. He has over 35 years of work experience. He was associated with Accenture Services Private Limited for over 28 years in various roles, including as the managing director for Accenture's Delivery Center Network for BPO, and as the Asia Pacific operating unit lead for communications, media and technology (CMT) business. He was also associated with SEWA Trade Facilitation Centre as a senior advisor. He is currently working as a professor of practice of management at the Amrut Mody School of Management, Ahmedabad University, and is an advisor to INSORCE Operational Optimizers Private Ltd., and Unlax Consumer Solutions Private Limited. In the past, he has served on the boards of Lakshmi Vilas Bank and Aptus Value Housing

Finance India Limited and is currently on the board of directors of IIFL Wealth Management Limited, Krishna Institute of Medical Sciences Limited, Indium Software (India) Limited and Xchanging Solutions Limited.

Narendra Ostawal is a Nominee Director of our Company. He holds a post graduate diploma in business management from Indian Institute of Management Bangalore and attended the international executive business program at the University of Chicago's Graduate School of Business. He has passed the final examination held by the Institute of Chartered Accountants of India. He is associated with Warburg Pincus India Private Limited since 2007 where he currently holds the position of Managing Director. He has 20 years of experience and has previously been associated with 3i India Private Limited and McKinsey & Company, Inc.

Kenneth Dan Vander Weele is a Nominee Director of our Company. He holds a bachelor's degree in business administration from the University of Wisconsin and a PhD from the Oxford Centre for Mission Studies, Open University. He has also passed the National Uniform Certified Public Accountant Examination. He has over 15 years of experience and has served on the board of several companies including Creditaccess Grameen Limited, Muthoot Microfinance Limited, Sonata Finance Private Limited, Vivriti Capital Private Limited.

Relationship between Directors and KMPs

None of our Directors are related to each other or to the KMPs.

Remuneration details of our Directors

1. ***Remuneration details of our Whole-time and Executive Director***

Devesh Sachdev

Pursuant to a Board resolution dated May 6, 2022, and the employment agreement dated December 03, 2018 between our Company and Devesh Sachdev, Devesh Sachdev is entitled to the following remuneration:

Particulars	Remuneration paid
Salary*	₹ 25 million for the period starting from April 1, 2021 to March 31, 2022 and ₹27.5 million for his remaining tenure with effect from April 1, 2022
Bonus	Bonus up to ₹ 22.5 million for the period starting from April 1, 2021 to March 31, 2022 and ₹40 million for his remaining tenure with effect from April 1, 2022
Other benefits	• Devesh Sachdev is entitled to receive perquisites on an annual basis having monetary value not exceeding ₹1.5 million. • Reimbursement of travel and accommodation and other expenses incurred for business of the Company • Employee benefit plans the Company may establish. • Leave with pay in accordance with the Company's policies.

**Including , perquisites*

During Fiscal 2022, our Company paid Devesh Sachdev a total remuneration of ₹ 37.49 million.

2. ***Remuneration details of our Non-executive Directors***

Our non-executive Directors are entitled to reimbursement of travelling and out of pocket expenses incurred by them to attend such meetings of our Board or committees thereof.

Details of the sitting fees paid and other payments made to our Non-executive Directors, during Fiscal Year 2022 are set forth below:

Name of Director	Remuneration paid (in ₹ million per annum)
Narendra Ostawal	Nil
Kenneth Dan Vander Weele	Nil

3. ***Remuneration details of our Independent Directors***

Pursuant our Board resolution dated April 15, 2021 our Independent Directors are entitled to receive sitting fees of ₹ 1,00,000 per meeting for attending meetings of our Board and ₹ 25,000 per meeting for attending meetings of committees of the Board, within the limits prescribed under the Companies Act, 2013, and the rules made thereunder. Additionally, our Independent Directors are also entitled to reimbursement of travelling and out of pocket expenses incurred by them to attend such meetings.

Details of the sitting fees paid and other payments made to our Independent Directors, during Fiscal Year 2022 are set forth below:

Name of Director	Remuneration paid (in ₹ million per annum)
Ratna Dharashree Vishwanathan	1.27
Namrata Kaul	1.47
Pankaj Vaish	0.75

Bonus or profit sharing plan for the Directors

Except as disclosed in respect of the remuneration payable to our Executive Directors under "*– Remuneration details of our Directors – Remuneration details of our Whole-time and Executive Director*" on page 221, our Company does not have a bonus or profit sharing plan for our Directors.

Shareholding of our Directors in our Company

Our Articles do not require the Directors to hold any qualification shares.

Details of our Directors who hold Equity Shares in our Company as on the date of this Red Herring Prospectus are as follows:

Name	No. of Equity Shares	Percentage of pre-Offer Equity Share capital (%)
Devesh Sachdev	5,552,414	6.58

For details, see "Capital Structure - *Shareholding of our Promoters, directors of our Promoters and the members of our Promoter Group*" on page 88.

Service contracts with Directors

There are no service contracts entered into with any of our Directors which provide for benefits upon termination of employment.

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration, bonus and reimbursement of expenses, if any, payable to them.

Certain of our Directors may also be regarded as interested in the Equity Shares held by them. Further, certain Directors may also be deemed to be interested in Equity Shares that may, pursuant to this Offer, be subscribed by or Allotted to them, their relatives, or to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters.

Interest in promotion or formation of our Company

Except Devesh Sachdev who is a Promoter of our Company, Narendra Ostawal and Kenneth Dan Vander Weele who are nominees of our Promoters, Honey Rose and Creation I and Creation II (acting as a block), respectively, our Directors have no interest in the promotion of our Company as of the date of this Red Herring Prospectus.

Interest in property

Our Directors have no interest in any property acquired or proposed to be acquired by or of our Company.

Business interest

Except as stated in "*Summary of the Offer Document – Summary of Related Party Transactions*" on page 24, and as disclosed in this section, our Directors do not have any other interest in our business.

Confirmations

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.

Our Directors are not, and have not, during the five years preceding the date of this Red Herring Prospectus, been on the board of any listed company whose shares have been or were suspended from being traded on the BSE or NSE during their term of directorship in such company.

None of our Directors have been or are directors on the board of listed companies which have been or were delisted from any stock exchange(s) during their term of directorship in such company.

No consideration, either in cash or shares or in any other form have been paid or agreed to be paid to any of our Directors or to the firms, trusts or companies in which they have an interest in, by any person, either to induce any of them to become or to any of them qualify as a Director, or otherwise for services rendered by any of them or by the firm, trust or company in which any of them is interested, in connection with the promotion or formation of our Company.

Changes in our Board during the last three years

The changes in our Board during the three years immediately preceding the date of this Red Herring Prospectus are as follows:

Name of Director	Date of change	Reasons
Albert Hofsink	December 20, 2019	Resigned from our Board
Namrata Kaul	February 18, 2020	Appointment to our Board
Namrata Kaul	July 28, 2020	Change in designation
Pradip Kumar Saha	February 05, 2021	Resigned from our Board
Shobinder Duggal	May 26, 2021	Appointment to our Board
Shobinder Duggal	June 16, 2021	Change in designation
Shobinder Duggal	September 22, 2021	Resigned from our Board
Pankaj Vaish	September 22, 2021	Appointment to our Board
Pankaj Vaish	December 18, 2021	Change in designation

Borrowing Powers

Pursuant to a resolution dated August 5, 2022, passed by our Shareholders, our Board has been authorised to borrow from time to time, any sum or sums of moneys from time to time notwithstanding that the moneys to be borrowed together with the money already borrowed by our company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up Equity Share capital and our free reserves (reserves not set apart for any specific purposes), provided that, the total amount so borrowed together and remaining outstanding on account of principal shall not exceed ₹ 1,20,000 million.

Corporate Governance

In addition to the Companies Act, 2013, provisions of the SEBI Listing Regulations will also be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges.

Our Company currently has six Directors of which, one is Executive Director, two are Non-executive Directors and three are Independent Directors. We also have women directors on our Board. Our Company is in compliance with corporate governance norms prescribed under SEBI Listing Regulations and the Companies Act, 2013, particularly in relation to composition of our Board of Directors and constitution of board level committees.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements under SEBI Listing Regulations and the Companies Act, 2013.

Board-level committees

In terms of the SEBI Listing Regulations and the provisions of the Companies Act, 2013, our Company has constituted the following Board-level committees:

(a) Audit Committee;
(b) Nomination and Remuneration Committee;
(c) Stakeholders' Relationship Committee;
(d) Corporate Social Responsibility Committee; and
(e) Board Risk Management Committee.

The details of the committees required to be constituted by our Company under the Companies Act, 2013 and the SEBI Listing Regulations are as follows:

Audit Committee

The Audit Committee currently consists of:

Name	Position in the committee	Designation
Namrata Kaul	Chairperson	Independent Director
Pankaj Vaish	Member	Independent Director
Narendra Ostawal	Member	Nominee Director

Our Audit Committee was constituted by a resolution of our Board dated June 22, 2010, and was last reconstituted on September 22, 2021, in compliance with section 177 of the Companies Act, 2013 and SEBI Listing Regulations.
The terms of reference of the Audit Committee include the following:

1. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

   (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

(b) changes, if any, in accounting policies and practices and reasons for the same;

(c) major accounting entries involving estimates based on the exercise of judgment by management;

(d) significant adjustments made in the financial statements arising out of audit findings;

(e) compliance with listing and other legal requirements relating to financial statements;

(f) disclosure of any related party transactions; and

(g) modified opinion(s) in the draft audit report;

5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;

6. reviewing, 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, and making appropriate recommendations to the board to take up steps in this matter;

7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

8. approval or any subsequent modification of transactions of the Company with related parties;

9. scrutiny of inter-corporate loans and investments;

10. valuation of undertakings or assets of the Company, wherever it is necessary;

11. evaluation of internal financial controls and risk management systems;

12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. discussion with internal auditors of any significant findings and follow up there on;

15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. 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;

18. to review the functioning of the whistle blower mechanism;

19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

20. carrying out any other function as is mentioned in the terms of reference of the audit committee in terms of the applicable laws;

21. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;

22. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders; and

23. carrying out any other function as is mentioned in the terms of reference of the Audit Committee in term of the applicable laws.

The Audit Committee shall mandatorily review the following information:

1. management discussion and analysis of financial condition and results of operations;

2. statement of significant related party transactions (as defined by the audit committee), submitted by management;

3. management letters / letters of internal control weaknesses issued by the statutory auditors;

4. internal audit reports relating to internal control weaknesses;

5. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and

6. statement of deviations:

   (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1); and

   (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

The powers of the Audit Committee shall include the following:

(a) to investigate any activity within its terms of reference;

(b) to seek information from any employee of the Company;

(c) to obtain outside legal or other professional advice; and

(d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee currently consists of:

Name	Position in the committee	Designation
Ratna Dharashree Vishwanathan	Chairperson	Independent Director
Narendra Ostawal	Member	Nominee Director
Namrata Kaul	Member	Independent Director

Our Nomination and Remuneration Committee was constituted by a resolution of our Board dated June 24, 2014 and last reconstituted on August 6, 2021, in compliance with section 178 of the Companies Act, 2013. The terms of reference of the Nomination and Remuneration Committee include the following:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of directors a policy, relating to the remuneration of the directors, key managerial personnel and other employees. The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

   (a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
   (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
   (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;

2. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.

   For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:

   a. use the services of an external agency, if required;
   b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
   c. consider the time commitments of the candidates.

3. Formulating criteria for evaluation of performance of independent directors and the Board of Directors;

4. Devising a policy on diversity of Board of Directors;

5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of directors their appointment and removal and shall specify the manner for effective evaluation of performance of the 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. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

6. Extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

7. Recommending to the board, all remuneration, in whatever form, payable to senior management;

8. Administering, monitoring and formulating detailed terms and conditions of the Employees Stock Option Scheme of the Company;

9. Framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including:

(a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and

(b) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended;

10. Perform such functions as are required to be performed by the Nomination and Remuneration Committee under the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended, including the following:

(a) Formulating detailed terms and conditions of the plan in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014 in term of which includes the provision as specified by the Board in this regard; and

(b) Administration and superintendence of the aforesaid plans.

11. Carrying out any other function as is mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable; and

12. Carrying out any other function as is mentioned in the terms of reference of the Nomination and Remuneration Committee in term of the applicable laws;

13. Performing such other functions as may be necessary or appropriate for the performance of its duties;

14. To ensure 'fit and proper' status of proposed/ existing Directors."

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee currently comprises of:

Name	Position in the committee	Designation
Ratna Dharashree Vishwanathan	Chairperson	Independent Director
Namrata Kaul	Member	Independent Director
Devesh Sachdev	Member	MD & CEO

Our Stakeholders' Relationship Committee was constituted by a resolution of our Board dated May 26, 2021. The terms of reference of the Stakeholders' Relationship Committee include the following: Considering and looking into various aspects of interest of shareholders, debenture holders and other security holders;

1. Considering and looking into various aspects of interest of shareholders, debenture holders and other security holders;

2. 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, etc;

3. Review of measures taken for effective exercise of voting rights by shareholders;

4. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent; and

5. 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.

6. Carrying out any other function as is mentioned in the terms of reference of the Stakeholders Relationship Committee in term of the applicable laws;

Corporate Social Responsibility Committee ("CSR Committee")

The CSR Committee currently comprises of:

Name	Position in the committee	Designation
Ratna Dharashree Vishwanathan	Chairperson	Independent Director
Pankaj Vaish	Member	Independent Director
Devesh Sachdev	Member	MD & CEO

The CSR Committee was constituted by a resolution of our Board dated December 03, 2015, and last reconstituted on September 22, 2021. The terms of reference of the CSR Committee include the following:

1. To formulate and recommend to the board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 and make any revisions therein as and when decided by the Board;

2. To review and recommend the amount of expenditure to be incurred on the activities referred to in (a);

3. To monitor the Corporate Social Responsibility Policy of the company and its implementation from time to time;

4. To do such other acts, deeds and things as may be required to comply with the applicable laws; and;

5. To perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or by the SEBI Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority.

Board Risk Management Committee

The Board Risk Management Committee currently comprises of:

Name	Position in the committee	Designation
Namrata Kaul	Chairperson	Independent Director
Narendra Ostawal	Member	Nominee Director
Devesh Sachdev	Member	MD & CEO
Sanjay Choudhary	Member	Chief Risk Officer

The Board Risk Management Committee was constituted by a resolution of our Board dated February 12, 2016 and last reconstituted on May 26, 2021. The terms of reference of the Board Risk Management Committee include the following:

1. To formulate a detailed risk management policy which shall include:
   a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the committee;

b. Measures for risk mitigation including systems and processes for internal control of identified risks; and
c. Business continuity plan;

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. To appointment, removal and terms of remuneration of the Chief Risk Officer shall be subject to review by the committee;
7. 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;
8. The committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
9. carrying out any other function as is mentioned in the terms of reference of the Board Risk Management committee in term of the applicable laws.

IPO Committee

In addition to above committees, our Board has also constituted an IPO Committee pursuant to a resolution dated July 25, 2021, which currently comprises of:

Name	Position in the committee	Designation
Devesh Sachdev	Chairman	MD and CEO
Kenneth Dan Vander Weele	Member	Nominee Director
Narendra Ostawal	Member	Nominee Director

The terms of reference of the IPO Committee of our Company include the following:

1. To decide, negotiate and finalize, in consultation with the book running lead managers appointed in relation to the Offer (the "**BRLMs**"), all matters regarding the Pre-IPO Placement, if any, out of the fresh issue of Equity Shares by the Company in the Offer, decided by the Board, including entering into discussions and execution of all relevant documents with Investors;

2. To decide on other matters in connection with or incidental to the Offer, including the pre-IPO placement, any offer for sale by existing shareholders of the Company ("**Selling Shareholders**") and such offer for sale, the "**Offer for sale**") and taking on record the number of Equity Shares timing, pricing and terms of the Equity Shares, the Offer price, the price band, the size and all other terms and conditions of the Offer including the number of Equity Shares to be offered and transferred in the Offer, the bid / Offer opening and bid/Offer closing date, discount (if any), reservation, determining the anchor investor portion, issue price for anchor investors and allocating such number of Equity Shares to anchor investors in consultation with the BLRMs and in accordance with the SEBI ICDR Regulations and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer and to constitute such other committees of the Board, as may be required under Applicable Laws, including as provided in the SEBI Listing Regulations;

3. to undertake, as appropriate, such communication with the Selling Shareholders as required under applicable law;

4. To make applications, seek clarifications, obtain approvals and seek exemptions from, where necessary, SEBI, the RoC and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of the Company such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary, incorporate such modifications / amendments as may be required in the draft red herring prospectus (the "**DRHP**"), the red herring prospectus (the "**RHP**") and the Prospectus as applicable;

5. To make in-principle and final applications for listing and trading of the Equity Shares on one or more stock exchanges, to execute and to deliver or arrange the delivery of the equity listing agreement(s) or equivalent documentation to the Stock Exchanges and to take all such other actions as may be necessary in connection with obtaining such listing

6. To finalize, settle, approve, adopt and file in consultation with the BRLMs where applicable, the DRHP, the RHP the Prospectus, the preliminary and final international wrap and any amendments (including dating of such documents), supplements, notices, addenda or corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, the RoC or any other relevant governmental and statutory authorities or in accordance with Applicable Laws;

7. To appoint and enter into and terminate arrangements with the BRLMs, and appoint and enter into and terminate arrangement in consultation with the BRLMs with underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, public offer account bankers to the Offer, sponsor bank, legal advisors, auditors, independent chartered accountants, advertising agency, registrar to the Offer, and any other agencies or persons or intermediaries whose appointment is required in relation to the Offer including any successors or replacements thereof, and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalization, execution and, if required, amendment or termination of the Offer agreement with the BRLMs;

8. to decide the total number of Equity Shares to be reserved for allocation to eligible categories of investors, if any, and on permitting existing shareholders to sell any Equity Shares held by them;

9. To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the DRHP, the RHP, the Prospectus, Offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow and sponsor bank agreement, ad agency agreement, agreements with the registrar to the issue and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLMs and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;

10. To authorise the maintenance of a register of holders of the Equity Shares;

11. To seek, if required, the consent and/or waiver of the lenders of the Company, customers, suppliers, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/or waivers that may be required in relation to the Offer or any actions connected therewith;

12. To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

13. To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

14. To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;

15. To accept and appropriate the proceeds of the Offer in accordance with the Applicable Laws;

16. To approve code of conduct as may be considered necessary or as required under Applicable Laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;

17. To implement any corporate governance requirements that may be considered necessary by the Board or the any other committee or as may be required under the Applicable Laws, including the SEBI Listing Regulations and listing agreements to be entered into by the Company with the relevant stock exchanges, to the extent allowed under law;

18. To issue receipts/allotment letters/confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchanges, with power to authorize one or more officers of the Company or the Registrar to the Offer to sign all or any of the aforestated documents;

19. To authorize and approve notices, advertisements in relation to the Offer, in accordance with the SEBI ICDR Regulations and other Applicable Laws, in consultation with the relevant intermediaries appointed for the Offer;

20. To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLMs;

21. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and / or modify, as the case maybe, agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Company to execute all or any of the afore-stated documents;

22. To make applications for listing of the Equity Shares in one or more stock exchanges for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchanges in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;

23. To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment, terms of the IPO, utilisation of the IPO proceeds and matters incidental thereto as it may deem fit;

24. To submit undertaking/certificates or provide clarifications to the SEBI, the RoC and the relevant stock exchanges where the Equity Shares are to be listed;

25. to seek, if required, the consent and waivers of the parties with whom the Company and/or its subsidiaries have entered into various commercial and other agreements, including but not limited to lenders, lessors, customers, suppliers, strategic/ joint venture partners, all concerned governmental and regulatory authorities in India or outside India, and any other consents that may be required in connection with the Offer in accordance with the applicable laws

26. To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the Board any other committee thereof may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to

be done by the Board or any other committee thereof shall be conclusive evidence of their authority in so doing;

27. To amend and approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the SEBI Listing Regulations or any other Applicable Laws;

28. To approve the list of ‘group companies’ of the Company, identified pursuant to the materiality policy adopted by the Board, for the purposes of disclosure in the DRHP, RHP and Prospectus;

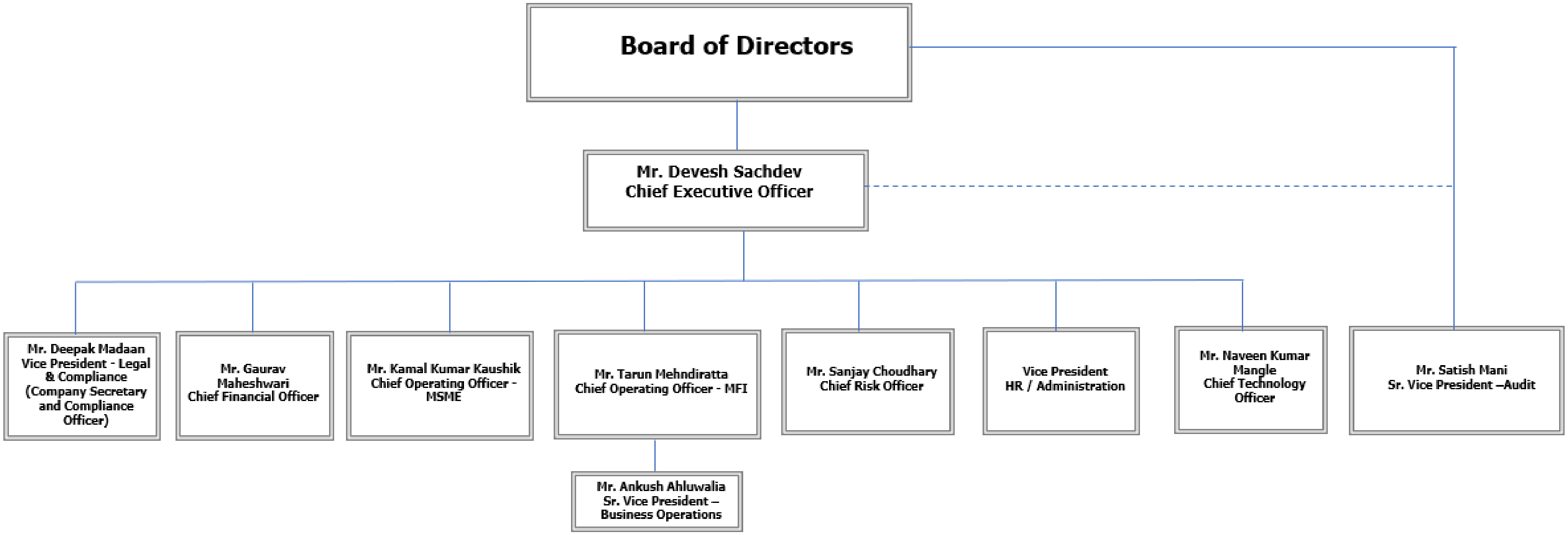
29. To delegate any of its powers set out under (a) to (x) hereinabove, as may be deemed necessary and permissible under Applicable Laws to the officials of the Company;

30. To authorize and approve the incurring of expenditure and payment of fees, commissions, brokerage and remuneration in connection with the Offer;

31. To withdraw the DRHP or RHP or to decide not to proceed with the Offer at any stage, in consultation with the BRLMs and in accordance with the SEBI ICDR Regulations and applicable laws; and

32. To authorize and empower officers of the Company (each, an “Authorized Officer(s)”), for and on behalf of the Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that the Authorized Officer(s) consider necessary, appropriate or advisable, in connection with the Offer, including, without limitation, engagement letter(s), memoranda of understanding, the listing agreement(s) with the stock exchange(s), the registrar’s agreement and memorandum of understanding, the depositories’ agreements, the offer agreement with the BRLMs (and other entities as appropriate), the underwriting agreement, the syndicate agreement with the BRLMs and syndicate members, the stabilization agreement, the cash escrow and sponsor bank agreement, confirmation of allocation notes, allotment advice, placement agents, registrar to the Offer, bankers to the Company, managers, underwriters, escrow agents, accountants, auditors, legal counsel, depositories, advertising agency(ies), syndicate members, brokers, escrow collection bankers, auditors, grading agency, monitoring agency and all such persons or agencies as may be involved in or concerned with the Offer, if any, and to make payments to or remunerate by way of fees, commission, brokerage or the like or reimburse expenses incurred in connection with the Offer by the BRLMs and to do or cause to be done any and all such acts or things that the Authorized Officer(s) may deem necessary, appropriate or desirable in order to carry out the purpose and intent of the foregoing resolutions for the Offer; and any such agreements or documents so executed and delivered and acts and things done by any such Authorized Officer(s) shall be conclusive evidence of the authority of the Authorized Officer and the Company in so doing.

Management Organisation Structure



Key Management Personnel

Brief profiles of our Key Management Personnel

The details of our Key Management Personnel as on the date of this Red Herring Prospectus are set forth below.

Key Managerial Personnel under the Companies Act

The details of our Key Management Personnel in terms of Companies Act as on the date of this Red Herring Prospectus, other than Devesh Sachdev, our Managing Director and CEO, are set forth below.

For a brief profile of Devesh Sachdev, see "*Our Management- Brief Profiles of our Directors*" on page 220.

Gaurav Maheshwari is the Chief Financial Officer of our Company and he joined our Company on February 3, 2016. He is a chartered accountant, he has several years of experience and in the past he has worked with Essel Mining (Aditya Birla Group) and Avantha Holdings Limited. He has received remuneration of ₹ 8.38 million in Fiscal Year 2022.

Deepak Madaan is the Company Secretary and Compliance Officer of our Company and he joined our Company on June 1, 2013. He is a qualified company secretary from the Institute of Company Secretaries of India and holds a bachelors' degree in law from CH. Charan Singh University, Meerut. He has several years of experience and has previously worked with Almondz Capital and Management Services Limited as well as Megha Technical Engineers Private Limited. He has received remuneration of ₹ 4.49 million in Fiscal Year 2022.

Key Managerial Personnel under the SEBI ICDR Regulations

The details of our Key Managerial Personnel in terms of the SEBI ICDR Regulations, as on the date of this Red Herring Prospectus are set forth below.

Tarun Mehndiratta, is the Chief Operating Officer – MFI of our Company and he joined our Company on June 19, 2017. He has a Post Graduate Diploma in Management Science from Institute of Marketing and Management, New Delhi and also an Export Marketing certification from Indian Institute of Foreign Trade, New Delhi. He has several years of experience in the BFSI sector and has previously worked with GE India, SBI Cards & Payments Services Limited, Citicorp Finance (India) Limited, SRF Finance Limited and has received remuneration of ₹ 11.34 million in Fiscal Year 2022.

Kamal Kumar Kaushik is the Chief Operating Officer – MSME of our Company since July 22, 2019 when he joined our Company. He is a chartered accountant. He has completed course on "Merger & Acquisitions, Buyouts, Divestitures and Restructuring – Indian Institute of Management, Bangalore and the certified export consultant program from Indian Institute of Foreign Trade, Delhi. He has several years of experience in housing and SME finance, and has worked in companies such as Religare Housing Development Finance Corporation, Religare Finvest Limited, ICICI Bank Limited, HDFC Bank Limited, Fullerton India Credit Company, GE Money, Birla Home Finance Limited in the past. He has received remuneration of ₹ 9.29 million in Fiscal Year 2022.

Ankush Ahluwalia is the Senior Vice President – Business Operations of our Company and he joined our Company on August 3, 2015. He completed his master's in business economics from Kurukshetra University and he was chosen for a Program on Strategic Leadership in Inclusive Finance from Harvard Business School, USA. He has completed Executive Education Program on Challenges of Managing Inclusive Finance in India from Indian Institute of Management Bangalore. He has several years of experience in business operations and has worked with Magma Fincorp Limited, Development Credit Bank Limited, Kotak Mahindra Bank Limited and Religare Enterprises Limited in the past. He has received remuneration of ₹ 7.65 million in Fiscal Year 2022.

Naveen Kumar Mangle is the Chief Technology Officer of our Company and he joined our Company on September 17, 2019. He has completed his bachelor's in engineering from Delhi University, his master's in business administration in International Business from Indian Institute of Foreign Trade and post graduate program in Artificial Intelligence and Machine learning from Great Lakes Executive Learning. He also attained Project Management Professional certification from Project Management Institute USA in 2007. He has several years of experience and in the past he has worked with Tata Consultancy Services, GE Capital, Birasoft Limited Mahindra Satyam, Location Labs, Polaris Consulting & Services Limited and Aviva Life Insurance Company India Limited. He has received remuneration of ₹ 4.15 million in Fiscal Year 2022.

Satish Mani is the Senior Vice President – Audit of our Company and he joined our Company on April 8, 2015. He has completed his bachelor's degree in Commerce from University of Delhi and completed the HBS Accion Program on Strategic Leadership in Inclusive Finance from Harvard Business School, USA. In addition he has participated in the Risk Management for Banks and Financial Institutions as well as the Challenges of Managing Inclusive Finance, executive educational programs conducted by Indian Institute of Management, Bangalore. He has several years of experience and has previously worked with GE Capital, ICICI Bank Ltd, Kotak Mahindra Bank Ltd, Sundaram Finance Limited in the past. He has received remuneration of ₹ 4.66 million in Fiscal Year 2022.

Sanjay Vishwanath Choudhary is the Chief Risk Officer of our Company and he joined our Company on September 2, 2020. He is a qualified chartered accountant and has completed his bachelor's degree in Commerce from University of Mumbai and post graduate diploma in Treasury and Forex Management from the Institute of Chartered Financial Analysts of India University, Tripura. In addition, he has also completed his Financial Risk Manager (FRM) certification from Global Association of Risk Professionals (GARP), USA and Certified Information Security Auditor (CISA) certification from ISACA, USA. He has several years of experience and has previously worked with Axis Bank Limited, Tata Consultancy Services, Satin Creditcare Network Limited, WIMCO Limited and ICICI Bank Limited and received remuneration of ₹ 4.25 million in Fiscal Year 2022.

All the Key Management Personnel are permanent employees of our Company.

Relationship among Key Management Personnel

Our Key Management Personnel are neither related to each other, nor related to any of the Directors.

Bonus or profit sharing plan for the Key Management Personnel

There is no profit-sharing plan for the Key Management Personnel of our Company. Our Company, on a discretionary basis, makes bonus/incentive payments to the Key Management Personnel at the end of every Fiscal Year.

Shareholding of Key Managerial Personnel in our Company

Details of our Key Management Personnel other than the Directors, who hold Equity Shares as on the date of this Red Herring Prospectus are as follows:

Name	No. of Equity Shares	% of pre-Offer Equity Share capital
Deepak Madaan	135,760	0.16%
Tarun Mehndiratta	199,000	0.24%
Ankush Ahluwalia	121,220	0.14%
Gaurav Maheshwari	181,520	0.22%
Naveen Kumar Mangle	12,500	0.01%
Satish Mani	74,570	0.09%
Sanjay Vishwanath Choudhary	6,250	0.01%
Kamal Kumar Kaushik	50,000	0.06%

Service Contracts with KMPs

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company, including Directors, Key Management Personnel is entitled to any benefit upon termination of employment or superannuation.

Interest of Key Management Personnel

None of our Key Management Personnel have any interest in our Company except to the extent of their shareholding in our Company, remuneration from our Company and benefits and reimbursement of expenses incurred by them in the ordinary course of business.

No loans have been availed from our Company by our Key Management Personnel.

Contingent and deferred compensation payable to our Directors and Key Management Personnel

There is no contingent or deferred compensation payable to our Directors and Key Management Personnel.

Changes in Key Management Personnel during the last three years

The changes in the Key Management Personnel during the three years immediately preceding the date of this Red Herring Prospectus are as follows:

Name of KMP	Date of change	Reasons
Sanjay Vishwanath Choudhary	September 02, 2020	Appointed as Chief Risk Officer

Payment of non-salary related benefits to officers of our Company

No amount or benefit has been paid or given to any officers of our Company within the two years preceding the date of filing of this Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment such as reimbursements that they may be entitled to.

Arrangements and understanding with major shareholders, customers, suppliers or others

Other than Narendra Ostawal and Kenneth Dan Vander Weele, who have been appointed as Nominee Directors by Honey Rose and Creation I And Creation II (acting as a block) respectively, pursuant to the Shareholders Agreement, none of our Directors, Key Management Personnel have been appointed or selected as a Director or a member of senior management pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others. For further details, see *"History and Other Corporate Matters – Shareholders' Agreement"* on page 216.

Employee stock option and stock purchase schemes

For details of employee stock option(s) and stock purchase schemes of our Company, see "*Capital Structure – Employee Stock Option Schemes*" on page 95.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

The Promoters of our Company are Devesh Sachdev, Creation Investments Fusion, LLC, Creation Investments Fusion II, LLC and Honey Rose Investment Ltd. As on the date of this Red Herring Prospectus, our Promoters hold an aggregate of 71,850,716 Equity Shares comprising 85.21% of our paid up Equity Share capital.

For details of the build-up of our Promoters' shareholding in our Company, see "*Capital Structure*" on page 79.

The details of our Promoters are as follows:

Individual Promoter

Devesh Sachdev, aged 49 years, is a citizen of India. He resides at 8, Club Road, Malibu Towne, Section – 47, Gurgaon, Haryana, India – 122018. His driving license number is 0820070250954. His PAN is AOWPS6753C and his Aadhar card number is [redacted]. For the complete profile of Devesh Sachdev along with his date of birth, educational qualification, positions/posts held in past, directorship, special achievements, his business and financial activities details, see "*Our Management*" on page 218.

Our Company confirms that the PAN, bank account number(s) and passport number of Devesh Sachdev, shall be submitted to the Stock Exchanges at the time of filing of this Red Herring Prospectus.

Corporate Promoters

1. **Creation Investments Fusion, LLC ("Creation I")**

Corporate Information

Creation I was incorporated on March 21, 2016 under under Delaware laws in the United States of America. Its registered office is located at 2711 Centerville Road #400, Wilmington, DE 19808 USA. Creation I corporate identification number/company registration number is 5994609.

Creation I is authorized under its constitutional documents to invest, directly or indirectly, in our Company and conducting such ancillary activities thereto as deemed necessary or appropriate in connection with the foregoing.

Board of Directors

The following table sets forth details of the board of directors of Creation I:

Name	Position
Patrick T. Fisher	Director (Founder and Managing Partner of Manager of Creation Investments Fusion, LLC)

Shareholding of Creation I

Name of members	Ownership (%)
Creation Investments Social Ventures Fund III	58.63
Capraro Holdings, LLC	6.48
Wolohan Investments LLC	4.04
James L. Wolohan Trust U/A dated 12/29/1982	2.71
Rance M. Sanders	2.44
Michael J. Wolohan Revocable Trust	2.43
Eric Wojcikiewicz Trust	2.12

Name of members	Ownership (%)
WMC Holdings, Inc.	2.12
SLFJR Family Limited Partnership, LLLP	2.10
Wojcikiewicz 2006 Dynasty Trust	1.86
WGO Capital, LLC	1.59
Smith 2021 Spousal Trust	1.06
JPL Family Limited Partnership, LLLP	1.05
ABL Family Limited Partnership, LLLP	1.05
Others	10.32
Total	**100.00**

Promoters of Creation I

Creation Investments Fusion LLC is a company incorporated under Delaware laws and as such there is no concept of a promoter.

Changes in the management and control

There has been no change in control of Creation I in the three years preceding the date of this Red Herring Prospectus.

The equity shares of Creation I are not listed on any stock exchange in India or abroad.

2. **Creation Investments Fusion II, LLC ("Creation II")**

Corporate Information

Creation II was incorporated on July 13, 2018 under under Delaware laws in the United States of America. Its registered office is located at 251 Little Falls Drive, Wilmington, DE 19808 USA. Creation II corporate identification number/company registration number is 6974875.

Creation II is authorized under its constitutional document to invest, directly or indirectly, in our Company and conducting such ancillary activities thereto as deemed necessary or appropriate in connection with the foregoing.

Board of Directors

The following table sets forth details of the board of directors of Creation II:

Name	Position
Patrick T. Fisher	Director (Founder and Managing Partner of Manager of Creation Investments Fusion II, LLC)

Shareholding of Creation II

Name of members	Ownership (%)
Creation Investments Social Ventures Fund IV	66.46
Ascension Alpha Fund, LLC Account 2	7.24
Capraro Holdings LLC	4.45
#1723766 - Midland Trust Co. as Cust FBO Blake Ashdown	2.39
Daniels and Kings Holding LLC	1.33
James N. Perry Jr. Dynasty Trust	1.09
John and Cheryl Neal Family Trust	1.09
Sapan Shahani Revocable Trust dated 4/24/2015	1.09
AMDG, LLC	1.06
Others	13.80
Total	**100.00**

Promoters of Creation II

Creation II is a company incorporated under Delaware laws and as such there is no concept of a promoter.

Changes in the management and control

There has been no change in control of Creation II in the three years preceding the date of this Red Herring Prospectus.

The equity shares of Creation II are not listed on any stock exchange in India or abroad.

3. **Honey Rose Investment Ltd ("Honey Rose")**

Corporate Information

Honey Rose was incorporated on February 28, 2017 under the laws of Republic of Mauritius. Its registered office is located at Warburg Pincus Asia Ltd, 8th Floor, Newton Tower, Sir William Newton Street, Port Louis, Mauritius. The corporate identification number/company registration number of Honey Rose is C145329/C1/GBL.

Honey Rose is authorised under its constitutional documents to carry out investment activities as permitted under the provisions of the Financial Services Act 2007 and do all such other things as are necessary, ancillary, or incidental to, or as Honey Rose think conductive for, the conduct, promotion or attainment of its aforementioned activities. Honey Rose is currently engaged in undertaking long-term investment holding activities.

Board of Directors

The following table sets forth details of the board of directors of Honey Rose:

Name	Position
Steven G. Glenn	Director
Tara O'Neill	Director
Sharmila Baichoo	Director
Sridhar Nagarajan	Director
Uday Gujadhur	Director

Shareholding of Honey Rose

Name of members	Ownership (%)
Warburg Pincus Financial Sector (Cayman), L.P	44.59
Warburg Pincus (Ganymede) Private Equity XII (Cayman), L.P.	13.24
Warburg Pincus (Europa) Private Equity XII (Cayman), L.P.	9.90
Warburg Pincus (Callisto) Private Equity XII (Cayman), L.P.	9.06
Warburg Pincus Private Equity XII-B (Cayman), L.P.	6.46
Warburg Pincus Private Equity XII-E (Cayman), L.P.	5.31
Warburg Pincus Financial Sector Partners (Cayman International), L.P.	4.11
Warburg Pincus XII Partners (International), L.P.	3.36
WP XII Partners (Cayman International), L.P.	1.74
Warburg Pincus Financial Sector-D (Cayman) L.P.	1.30
Warburg Pincus Private Equity XII-D (Cayman), L.P.	0.93
Total	**100.00**

Promoters of Honey Rose

Honey Rose does not have a promoter. It is directly owned by certain private equity funds managed by Warburg Pincus LLC, a New York limited liability company and part of the Warburg Pincus group. 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.

Changes in the management and control

There has been no change in control of Honey Rose in the three years preceding the date of this Red Herring Prospectus.

The equity shares of Honey Rose are not listed on any stock exchange in India or abroad.

Our Company confirms that the PAN, bank account number and company registration number of Creation I, Creation II and Honey Rose and the address of the Registrar of Companies where Creation I, Creation II and Honey Rose are registered shall be submitted to the Stock Exchanges at the time of filing of the Red Herring Prospectus.

Other ventures of our Promoters

Except as disclosed in "- *Our Promoter Group*" and "*Our Management*" on pages 242 and 218, our Promoters are not involved with any other venture.

Experience of our Promoters in the business of our Company

For details in relation to experience of one of our Promoters, Devesh Sachdev, in the business of our Company, see "*Our Management*" on page 218.

Certain of our Promoters namely, Creation I, Creation II and Honey Rose are investment vehicles that are operated by private equity funds that have investment experience in a wide variety of sectors.

Changes in management and control of our Company

There has been no change in the management and control of our Company in the five years immediately preceding the date of this Red Herring Prospectus.

Interests of Promoters and Related Party Transactions

Devesh Sachdev is interested in our Company to the extent (i) that he has promoted our Company, (ii) he has the right to appoint one director in our Company, (iii) to the extent of his shareholding in our Company and dividends and distributions declared thereon, if any, employee stock options, as applicable, and the shareholding of his relatives. (iv) He is also interested in our Company to the extent of being the Key Management Personnel of our Company and the remuneration and reimbursement of expenses payable to him in such capacity.

Creation I and Creation II are interested in our Company to the extent (i) that they have promoted our Company, (ii) their right to appoint one director, collectively, in our Company, and (iii) to the extent of its shareholding in our Company and dividends and distributions declared thereon, if any.

Honey Rose is interested in our Company to the extent (i) that it has promoted our Company, (ii) it has the right to appoint two directors in our Company, and (iii) to the extent of its shareholding in our Company and dividends and distributions declared thereon, if any.

For details on shareholding of our Promoters in our Company, see "*Capital Structure*" on page 79. For further details of interest of our Promoters in our Company, see "*Our Management*" and "*Related Party Transactions*" on pages 218 and 246.

Except as described in "*History and Certain Corporate Matters – Shareholders' Agreement*" on page 216, our Company has not entered into any contract, agreements or arrangements during the two years immediately preceding the date of this Red Herring Prospectus and does not propose to enter into any such contract in which our Promoters are directly or indirectly interested and no payment has been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with.

Our Promoters are not interested in any property acquired by our Company in the preceding three years from the date of filing this Red Herring Prospectus with SEBI, or proposed to be acquired by our Company as on the date of this Red Herring Prospectus or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Our Promoters are not interested as a member of a firm or company, and no sum has been paid, or agreed to be paid to them or to such firm or company, in cash or shares or otherwise by any person either to induce any of them to become, or to qualify any of them as a director or otherwise, as applicable, for services rendered by them or by such firm or company, in connection with the promotion or formation of our Company.

Payment or Benefits to Promoters or Promoter Group

Except as stated above, and otherwise as disclosed in the section "*Related Party Transactions*" on page 246 and "*Our Management*" on page 218, there has been no payment or benefit given or paid to our Promoters or members of their respective Promoter Groups during the two years prior to the filing of this Red Herring Prospectus nor there is any intention to pay or give any benefit to our Promoters or Promoter Group as on the date of this Red Herring Prospectus.

Companies with which our Promoters have disassociated in the last three years

Our Promoters have not disassociated themselves from any company during the last three years preceding the date of this Red Herring Prospectus.

Material guarantees given by our Promoters

There are no material guarantees given by our Promoters to third parties, with respect to the Equity Shares of our Company.

Other confirmations

None of our Promoters have been declared as a fugitive economic offender under the provisions of section 12 of the Fugitive Economic Offenders Act, 2018, as amended.

Our Promoters and members of their respective Promoter Group have not been declared 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.

Our Promoters and members of their respective Promoter Group have not been debarred from accessing the capital market for any reasons by SEBI or any other authorities.

Our Promoters are not promoters or director of any company which is debarred from accessing capital markets.

Our Promoter Group

A. Natural persons who are part of the Promoter Group

The natural persons who are part of the Promoter Group (due to their relationship with our Promoters), other than our Promoters, are as follows:

Name of the Promoter	Name of the relative	Relationship
Devesh Sachdev	Mini Sachdev	Spouse
	Subhash Chander	Father
	Geeta Devi	Mother
	Chandni	Sister
	Jyotsna Phutela	Sister
	Gauri Chhabra	Sister
	Udyan Sachdev	Son
	Eshaan Sachdev	Son
	Jugal Kishore Nagpal	Father of spouse
	Usha Nagpal	Mother of spouse
	Vishal Nagpal	Brother of spouse
	Ravi Nagpal	Brother of spouse

B. Entities forming part of the Promoter Group

The entities forming part of our Promoter Group are as follows:

Name of the Promoter	Promoter Group Entity
Devesh Sachdev	Agro Trading Company
	Classic Overseas Inc.

Name of the Promoter	Promoter Group Entity
	Delhi Seeds Corporation
	Five Star Solutions
	Aagaz Development Foundation
	Udyan Logistics Private Limited
	Devesh Sachdev HUF
	Devesh Sachdev Family Private Trust
Creation I and Creation II	Creation Investments Social Venture Fund III, L.P.
	Creation Investments Social Venture Fund IV, L.P.
Honey Rose	Warburg Pincus Financial Sector (Cayman), L.P.

OUR GROUP COMPANIES

In accordance with the SEBI ICDR Regulations for the purpose of identification of 'group companies', our Company has considered (i) such companies (other than Promoters) with which there were related party transactions in accordance with Ind AS 24, during the period for which Restated Financial Statements have been disclosed in this Red Herring Prospectus, as covered under the applicable accounting standards; and (ii) any other companies which are considered material by our Board.

In respect of point (ii) above, our Board in its meeting held on August 1, 2021, has considered and adopted the Materiality Policy, inter alia, for identification of companies that shall be considered material and shall be disclosed as a group company in the Red Herring Prospectus. In terms of the Materiality Policy, if a company (a) is a member of our Promoter Group and has entered into one or more transactions with our Company during the most recent Financial Year and any stub period included in the Restated Financial Statements, that cumulatively exceed 10% of the total revenue of our Company derived from the Restated Financial Statements of the last completed full financial year included in the Restated Financial Statements, (b) companies (other than the promoter(s) with which there were related party transactions for the period (after the period in respect of which, Restated Financial Statements are included in the offer documents) until the date of filing of the offer documents, it shall be considered material and shall be disclosed as a group company in this Red Herring Prospectus.

Accordingly, based on the parameters outlined above, as on the date of this Red Herring Prospectus, our Board has identified Vivriti Capital Private Limited and Vivriti Asset Management Private Limited as group companies of our Company ("**Group Companies**").

Vivriti Capital Private Limited

Registered Office

Prestige Zackria Metropolitan No. 200/1-8, 2nd Floor, Block -1, Annasalai, Chennai – 600002, Tamil Nadu, India.

Financial Information

Certain financial information derived from the audited financial statements of Vivriti Capital Private Limited for the last three audited financial years, as required by the SEBI ICDR Regulations, is available on the website of Vivriti Capital Private Limited at https://www.vivriticapital.com/report.html.

Vivriti Asset Management Private Limited

Registered Office

Prestige Zackria Metropolitan No. 200/1-8, 2nd Floor, Block -1, Annasalai, Chennai – 600002, Tamil Nadu, India.

Financial Information

Certain financial information derived from the audited financial statements of Vivriti Asset Management Private Limited for the last three audited financial years, as required by the SEBI ICDR Regulations, is available on the website of Vivriti Asset Management Private Limited at https://vivritiamc.com/reports/.

Nature and extent of interest of Group Companies

(a) In the promotion of our Company

Our Group Companies do not have any interest in the promotion of our Company.

(b) In the properties acquired by our Company in the past three years before filing this Red Herring Prospectus or proposed to be acquired by our Company

Our Group Companies are not interested in the properties acquired by our Company in the three years preceding the filing of this Red Herring Prospectus or proposed to be acquired by our Company.

(c) In transactions for acquisition of land, construction of building and supply of machinery, etc.

Our Group Companies are not interested in any transactions for acquisition of land, construction of building and supply of machinery etc., entered into by our Company.

Common pursuits

Except as disclosed below, there are no common pursuits amongst our Group Companies and our Company.

1. Vivriti Capital Private Limited

Nature of the transaction, arrangement, agreement, documentation	**Date of the transaction, arrangement, agreement, documentation**	**Consideration paid by or received by the Company (in ₹)**
Issuance of Non-Convertible Debentures	March 31, 2022	250,000,000
Issue of PLI to Kotak Mahindra Bank for borrowings made by Company	November 8, 2021	32,142,857

2. Vivriti Asset Management Private Limited

Nature of the transaction, arrangement, agreement, documentation	**Date of the transaction, arrangement, agreement, documentation**	**Consideration paid by or received by the Company (in ₹)**
Issuance of Non-Convertible Debentures to Vivriti Short Term Debt Fund	April 19, 2022	350,000,000

Related business transactions and their significance on the financial performance of our Company

Except as disclosed in "*Related Party Transactions*" on page 246, there are no related business transactions with the Group Companies.

Litigation

As on the date of this Red Herring Prospectus, there is no pending litigation involving our Group Companies, which will have a material impact on our Company.

Business interest of Group Companies

Except in the ordinary course of business and as stated in the "*Related Party Transactions*" on page 246, our Group Companies do not have any business interest in our Company.

Confirmations

Our Group Companies do not have any securities listed on a stock exchange.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during Fiscals 2022, 2021, and 2020 and for the three months period ended June 30, 2022 and June 30, 2021, as per the requirements under Ind AS 24 read with SEBI ICDR Regulations, see "*Financial Statements – Note 44*" on page 303.

DIVIDEND POLICY

Our Board approved the formal dividend policy of the Company, at the Board meeting held on July 25, 2021. The declaration and payment of dividends, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, in accordance with provisions of our Articles of Association and applicable law, including the Companies Act (together with applicable rules issued thereunder). Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our available distributable surplus, liquidity position, macroeconomics and business conditions and financial requirements, including present and future organic and inorganic growth opportunities.

Our Company has not declared any dividend in the last three Fiscal Years or for the three months period ended June 30, 2022. Our Company has not declared any dividend since June 30, 2022 till the date of this Red Herring Prospectus.

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Articles of Association and provisions of the SEBI Listing Regulations and other applicable laws. Our Company may pay dividend by cheque, electronic clearance service, as will be approved by our Board in the future. Our Company may also, from time to time, pay interim dividends.

The past trend in relation to our payment of dividends is not necessarily indicative of our dividend trend or dividend policy, if any, in the future, and there is no guarantee that any dividends will be declared or paid in the future. For details, see "*Risk Factors – Our ability to pay dividends in the future will depend on our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and lender consents and we cannot assure you that we will be able to pay dividends in the future.*" on page 60.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

The Board of Directors,
Fusion Micro Finance Limited

Dear Sirs,

1. We have examined, as appropriate (refer paragraph 5 below), the attached Restated Financial Information of Fusion Micro Finance Limited (the "Company" or the "Issuer"), comprising the Restated Statement of Assets and Liabilities as at June 30, 2022 and 2021 and as at March 31, 2022, 2021 and 2020, the Restated Statement of Profit and Loss (including other comprehensive income), the Restated Cash Flow Statement, the Restated Statement of Changes in Equity for the three month periods ended June 30, 2022 and 2021 and for the years ended March 31, 2022, 2021 and 2020, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on September 30, 2022 for the purpose of inclusion in the Red Herring Prospectus and Prospectus (collectively, the "Offer Documents") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:

    a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

    b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

    c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Delhi and Haryana at New Delhi in connection with the proposed IPO. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Note 1A to the Restated Financial Information. The responsibility of the Board of Directors of the Company includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Financial Information taking into consideration:

    a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated August 30, 2022 in connection with the proposed IPO of the Issuer.

    b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

    c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and

    d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

4. These Restated Financial Information have been compiled by the management from:

    a) the audited Special Purpose Interim Ind AS Financial Statements of the Company as at and for the three month period ended June 30, 2022 prepared in accordance with the recognition and measurement principles of Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting" as prescribed under

Section 133 of the Act read with relevant rules issued thereunder, as amended, and other accounting principles generally accepted in India (the "Special Purpose Interim Ind AS Financial Statements"), which have been approved by the Board of Directors at their meeting held on September 30, 2022.

b) the audited Interim Ind AS Financial Statements of the Company as at and for the three month period ended June 30, 2021 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting" as prescribed under Section 133 of the Act read with relevant rules issued thereunder, as amended, and other accounting principles generally accepted in India (the "June 2021 Interim Ind AS Financial Statements"), which have been approved by the Board of Directors at their meeting held on September 30, 2022.

c) the audited Ind AS financial statements of the Company as at and for the years ended March 31, 2022, 2021 and 2020, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with relevant rules issued thereunder, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meetings held on May 6, 2022, May 26, 2021 and June 22, 2020 respectively.

5. For the purpose of our examination, we have relied on:

a) Auditor's report issued by us dated October 3, 2022 on the Special Purpose Interim Ind AS Financial Statements of the Company as at and for the three month period ended June 30, 2022 as referred in paragraph 4(a) above.

b) Auditor's report issued by Previous Auditors dated September 30, 2022 on the June 2021 Interim Ind AS Financial Statements of the Company as at and for the three month period ended June 30, 2021 as referred in paragraph 4(b) above.

c) Auditors' Report issued by the Previous Auditors dated May 6, 2022, May 26, 2021 and June 22, 2020 on the Ind AS financial statements of the Company as at and for the years ended March 31, 2022, 2021 and 2020 respectively, as referred in paragraphs 4(c) above.

The audit reports on the financial statements of the Company issued by previous auditors as referred in paragraph 4(b) and 4(c) above included the following Emphasis of Matter paragraphs, which have been reproduced below:

i. For three-month period ended June 30, 2021

Emphasis of Matter – Outbreak of Coronavirus

We draw attention to Note 52 of the accompanying Interim Financial Statements which describes the impact of economic and social consequences of the COVID-I9 pandemic on the Company's business and financial metrics, which continues to be dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

ii. For the Year ended March 31, 2022

Emphasis of matter

We draw attention to Note 53 of the financial statements which describes the impact of economic and social consequences of the COVID-19 pandemic on the Company's business and financial metrics, which continues to be dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

iii. For the Year ended March 31, 2021

Emphasis of matter

We draw attention to Note 53 of the financial statements which describes the impact of economic and social consequences of the COVID-19 pandemic on the Company's business and financial metrics which continue to be dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

iv. For the Year ended March 31, 2020

Emphasis of matter

We draw attention to Note 54 of the financial statements, which describes the extent to which COVID-19 pandemic impact the Company's operations and financial results will depend on the future developments, which are largely uncertain. Our opinion is not modified in respect of this matter.

The audits for the three month period ended June 30, 2021 and for financial years ended March 31, 2022, 2021 and 2020 were conducted by the Company's previous auditors, and accordingly reliance has been placed on the restated statement of assets and liabilities and the restated statement of profit and loss (including other comprehensive income), restated statement of cash flows and restated statement of changes in equity, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Previous Restated Financial Information") examined by them for the said years.

The examination report included for the said years is based solely on the report submitted by the Previous Auditors. They have also confirmed that the Previous Restated Financial Information:

i. have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the three month period ended June 30, 2021 and in the financial years ended March 31, 2022, 2021 and 2020 to reflect the same accounting treatment as per the accounting policy and grouping/classifications followed as at and for the three month period ended June 30, 2022;

ii. there are no qualifications requiring adjustments in the auditors' reports on the audited financial statements of the Company as at and for three month period ended June 30, 2021, as at and for the years ended March 31, 2022, 2021 and 2020. Qualifications included in the Annexure A to the Auditor's Report issued under Companies (Auditor's Report) Order, 2016 for the year ended March 31, 2021 and March 31, 2020 and Companies (Auditor's Report) Order, 2020 for the year ended March 31, 2022, as applicable, issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, which do not require any corrective adjustments in the Restated Ind AS Financial Information have been disclosed in Note 65 to the Restated Ind AS Financial Information;; and

iii. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

6. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the Previous Auditors for the respective period/years as per paragraph 5(b) and 5(c) above, we report that the Restated Financial Information:

   a. have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the three month period ended June 30, 2021 and in the financial years ended March 31, 2022, 2021 and 2020 to reflect the same accounting treatment as per the accounting policy and grouping/classifications followed as at and for the three month period ended June 30, 2022;

   b. do not require any adjustment for modification as there is no modification in the underlying audit reports; and

   c. have been prepared in accordance with the Act, the ICDR Regulations and the Guidance Note.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

8. The Restated Financial Information does not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited special purpose interim Ind AS financial statements/ Ind AS financial statements mentioned in paragraph 5 above.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or the Previous Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Delhi and Haryana at New Delhi in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.015125N)

Jitendra Agarwal
Partner
(Membership No. 87104)
(UDIN:22087104AYFPGA4472)

Place: Gurugram
Date : October 3, 2022

Fusion Micro Finance Limited (formerly known as Fusion Micro Finance Private Limited)
Restated Ind AS Statement of Assets and Liabilities

(Rs in millions unless otherwise stated)

Particulars	Notes	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Assets						
Financial assets						
Cash and cash equivalents	3	6,738.13	12,151.46	10,113.72	12,154.20	5,396.67
Bank balances other than cash and cash equivalents	4	958.38	1,213.18	1,422.26	1,198.36	2,780.82
Trade receivables	5	57.99	2.88	43.42	27.93	31.39
Loans	6	66,508.97	43,236.36	59,181.94	43,607.30	33,429.73
Investments	7	-	-	-	-	5.00
Other financial assets	8	585.89	452.09	668.65	300.76	238.46
Total financial assets		**74,849.36**	**57,055.97**	**71,429.99**	**57,288.55**	**41,882.07**
Non-financial assets						
Current tax assets (net)	9	395.35	83.41	353.61	119.58	119.09
Deferred tax assets (net)	10	644.43	899.09	867.56	765.28	305.02
Property, plant and equipment	11	120.67	102.00	122.04	102.74	58.98
Right of use asset	12	79.19	76.68	69.17	78.19	-
Intangible assets	13	0.57	1.52	0.71	1.90	1.47
Other non-financial assets	14	62.78	29.99	61.74	23.09	33.31
Total Non-financial assets		**1,302.99**	**1,192.69**	**1,474.83**	**1,090.78**	**517.87**
Total assets		**76,152.35**	**58,248.66**	**72,904.82**	**58,379.33**	**42,399.94**
Liabilities and equity						
Liabilities						
Financial liabilities						
Derivative financial instrument	15	78.42	38.22	77.11	-	-
Trade payables						
total outstanding dues of micro enterprises and small enterprises	16	-	-	-	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	16	366.65	169.10	176.59	113.06	40.71
Debt securities	17	7,537.66	9,858.61	7,837.76	9,904.50	3,998.98
Borrowings (other than debt securities)	18	50,935.37	33,270.45	48,294.66	33,250.79	24,571.58
Subordinated liabilities	19	1,626.66	1,097.46	1,625.67	1,167.21	1,166.29
Other financial liabilities	20	1,275.76	1,133.21	1,334.32	1,265.98	513.28
Total financial liabilities		**61,820.52**	**45,567.05**	**59,346.11**	**45,701.54**	**30,290.84**
Non-financial liabilities						
Current tax liabilities (net)	21	0.68	3.28	1.04	53.98	0.53
Provisions	22	68.24	98.15	71.68	80.76	57.72
Other non-financial liabilities	23	98.26	63.67	106.48	79.50	61.96
Total non-financial liabilities		**167.18**	**165.10**	**179.20**	**214.24**	**120.21**
Total liabilities		**61,987.70**	**45,732.15**	**59,525.31**	**45,915.78**	**30,411.05**
Equity						
Equity share capital	25	827.84	790.66	827.60	790.37	789.50
Other equity	26	13,336.81	11,725.85	12,551.91	11,673.18	11,199.39
Total equity		**14,164.65**	**12,516.51**	**13,379.51**	**12,463.55**	**11,988.89**
Total liabilities and equity		**76,152.35**	**58,248.66**	**72,904.82**	**58,379.33**	**42,399.94**

See accompanying notes from 1 to 65 forming part of the Restated Ind AS Statement of Assets and Liabilities.

As per our report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants
ICAI Firm Registration Number: FRN - 015125N

Jitendra Agarwal
Partner
Membership Number : 087104

Place: Gurugram
Date : October 3, 2022

for and on behalf of the Board of Directors of
Fusion Micro Finance Limited
CIN:U65100DL1994PLC061287

Devesh Sachdev
MD and CEO
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary and Compliance Officer

Gaurav Maheshwari
Chief Financial Officer

Place: Gurugram
Date : September 30, 2022

Fusion Micro Finance Limited (formerly known as Fusion Micro Finance Private Limited)
Restated Ind AS Statement of Profit and Loss (including other comprehensive income)

(Rs in millions unless otherwise stated)

Particulars	Notes	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations						
Interest income	27	3,293.61	2,499.74	10,643.19	8,275.64	6,664.88
Fees and commission income	28	10.73	1.00	13.86	7.19	34.64
Net gain on fair value changes	29	47.00	94.68	247.65	167.45	231.57
Net gain on derecognition of financial instruments under amortised cost category	30	75.86	-	607.95	107.84	271.55
Total revenue from operations		**3,427.20**	**2,595.42**	**11,512.65**	**8,558.12**	**7,202.64**
Other income	31	177.27	54.16	500.84	172.76	100.47
Total income		**3,604.47**	**2,649.58**	**12,013.49**	**8,730.88**	**7,303.11**
Expenses						
Finance costs	32	1,431.89	1,234.19	4,959.64	3,751.04	3,376.72
Impairment on financial instruments	33	200.64	691.76	3,686.93	2,207.80	926.99
Employee benefits expenses	34	722.32	513.66	2,330.66	1,686.40	1,483.33
Depreciation and amortization	11-13	14.75	10.16	53.71	38.94	25.76
Other expenses	35	233.58	145.60	738.29	478.79	490.36
Total expenses		**2,603.18**	**2,595.37**	**11,769.23**	**8,162.97**	**6,303.16**
Profit before tax for the period/year		**1,001.29**	**54.21**	**244.26**	**567.91**	**999.95**
Tax expense:						
Current tax	36	28.55	142.94	129.77	588.71	395.99
Deferred tax	36	221.72	(132.84)	(103.06)	(460.24)	(92.14)
Profit for the period/year		**751.02**	**44.11**	**217.55**	**439.44**	**696.10**
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement gains on defined benefit plans		5.67	(3.84)	2.96	0.04	6.46
Income tax effect on above		(1.43)	0.97	(0.74)	(0.01)	(1.40)
Total other comprehensive income for the period/ year		4.24	(2.87)	2.22	0.03	5.06
Total comprehensive income for the period/year		755.26	41.24	219.77	439.47	701.16
Earnings per equity share (equity share par value of Rs.10 each) (Non annualised for period ended June 30, 2022 and June 30, 2021)						
Basic (Rs)	37	9.07	0.56	2.67	5.56	10.47
Diluted (Rs)	37	8.98	0.55	2.64	5.49	10.32

See accompanying notes from 1 to 65 forming part of the Restated Ind AS Statement of Profit and Loss (including other comprehensive income)

As per our report of even date

for Deloitte Haskins & Sells
Chartered Accountants
ICAI Firm Registration Number: FRN - 015125N

Jitendra Agarwal
Partner
Membership Number : 087104

Place: Gurugram
Date : October 3, 2022

for and on behalf of the Board of Directors of
Fusion Micro Finance Limited
CIN:U65100DL1994PLC061287

Devesh Sachdev
MD and CEO
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary and Compliance Officer

Gaurav Maheshwari
Chief Financial Officer

Place: Gurugram
Date : September 30, 2022

Fusion Micro Finance Limited (formerly known as Fusion Micro Finance Private Limited)
Restated Ind AS Statement of Cash Flows

(Rs in millions unless otherwise stated)

Particulars	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
I. Cash flow from operating activities					
Profit before tax	**1,001.29**	**54.21**	**244.26**	**567.91**	**999.95**
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and amortisation	14.75	10.16	53.71	38.94	25.76
Impairment of financial instruments	200.64	691.76	3,686.93	2,207.80	926.99
Finance cost on lease liability	2.49	1.51	8.88	5.30	-
Provision for gratuity	7.52	6.03	26.07	17.90	19.17
Provision for compensated absences	6.01	10.30	21.38	20.31	15.40
Other provisions	(3.78)	8.61	(27.51)	2.73	(10.58)
Net gain on change in fair value of mutual funds	(47.00)	(94.68)	(247.65)	(167.45)	(231.57)
Net gain on derecognition of financial instruments under amortised	(75.86)	-	(607.95)	(128.15)	(126.80)
Employee share based payment expense	26.75	10.27	39.24	30.40	34.67
Amortisation of processing fees	(10.12)	7.56	(57.31)	(5.88)	1.18
Net foreign exchange differences	(20.80)	(5.38)	(43.81)	-	-
Fair value loss on derivative financial instruments	1.31	38.22	77.11	-	-
(Profit)/loss on sale of assets	-		-	(1.00)	0.08
Operating cash flow before working capital changes	**1,103.20**	**738.57**	**3,173.35**	**2,588.81**	**1,654.25**
Movement in working capital:					
Increase in loans	(7,527.27)	(318.00)	(19,259.56)	(12,374.28)	(8,623.03)
(Increase)/decrease in trade receivables	(14.57)	25.05	(15.49)	3.46	(25.30)
Decrease/(increase) in other financial assets	151.11	(157.36)	213.99	47.95	(33.59)
Decrease/(increase) in other non- financial assets	(1.04)	(6.90)	(38.65)	10.22	(9.86)
Decrease/(increase) in bank balances other than cash and cash equivalents	463.48	(17.64)	(225.91)	1,571.37	(128.94)
Increase/(decrease) in trade payables	190.05	55.76	63.60	72.36	(1.17)
Increase /(decrease) in other financial liability	(70.41)	(131.70)	71.15	668.07	94.16
Increase/(decrease) in other non-financial liability	(8.22)	(15.83)	26.98	17.54	15.46
Cash flow from/(used in) operations	**(5,713.67)**	**171.95**	**(15,990.54)**	**(7,394.50)**	**(7,058.02)**
Income tax paid	(70.65)	(157.47)	(416.74)	(535.75)	(436.30)
Net cash (used in)/flow from operating activities (A)	**(5,784.32)**	**14.48**	**(16,407.28)**	**(7,930.25)**	**(7,494.32)**
II. Cash flow from investing activities					
Purchase of property, plant and equipments	(10.46)	(7.52)	(62.77)	(75.41)	(29.57)
Proceeds from sale of property, plant and equipment	-	-	-	0.99	-
Purchase of intangible assets	-	-	(0.05)	(2.45)	(1.48)
Purchase of investments	(18,200.00)	(15,050.00)	(67,650.00)	(43,330.00)	(50,014.24)
Proceeds from sale of investments	18,247.00	15,144.68	67,897.65	43,502.45	50,245.81
Net cash flow from investing activities (B)	**36.54**	**87.16**	**184.83**	**95.58**	**200.52**
III. Cash flow from financing activities					
Proceeds from issue of equity shares	2.74	1.75	656.95	4.79	5,000.98
Repayment of debt securities	(2,101)	(50.01)	(2,531.01)	(660.53)	(1,346.34)
Proceeds from debt securities	1,800	-	450.00	6,577.19	348.71
Repayment of borrowings (other than debt securities)	(8,166.48)	(5,611.45)	(25,905.28)	(20,036.34)	(17,800.02)
Proceeds from borrowings (other than debt securities)	10,840	5,627.92	41,043.00	28,711.21	19,247.43
Proceeds from Subordinated debt	-	-	550.00	-	-
Repayment of Subordinated debt	-	(70.00)	(70.00)	-	-
Payment of lease liability	(3.07)	(2.60)	(11.69)	(4.12)	-
Net cash (used in)/flow from financing activities (C)	**2,372.19**	**(104.39)**	**14,181.97**	**14,592.20**	**5,450.76**
Net (decrease)/increase in cash and cash equivalents (A + B + C)	(3,375.59)	(2.75)	(2,040.48)	6,757.53	(1,843.04)
Cash and cash equivalents at the beginning of the period/year	10,113.72	12,154.20	12,154.20	5,396.67	7,239.71
Cash and cash equivalents at the end of the period/year	**6,738.13**	**12,151.46**	**10,113.72**	**12,154.20**	**5,396.67**

Note: a) For disclosures relating to change in cash flows arising from financing activities, refer note 42.
b) The restated cash flow statement has been prepared under the indirect method as set out in Ind AS 7, "Statement of Cash flows".
c) For components of cash and cash equivalents at the end of the year, refer note 3.

Cash flow from operating activities includes interest received of Rs. 3,293.61 million , Rs. 2,346.77 million, Rs. 10,953.65 million , Rs. 6,755.39 million and Rs. 6,051.16 million and interest paid of Rs. 1,431.89 million, Rs. 1,122.69 million, Rs. 4,925.73 million, Rs. 3,646.87 million and Rs. 3,413.53 million for period ended June 30, 2022 and June 30, 2021 and year ended March 31, 2022, March 31, 2021 and March 31, 2020 respectively .

See accompanying notes from 1 to 65 forming part of the Restated Ind AS Statement of Cash Flows

As per our report of even date

for Deloitte Haskins & Sells
Chartered Accountants
ICAI Firm Registration Number: FRN - 015125N

for and on behalf of the Board of Directors of
Fusion Micro Finance Limited
CIN:U65100DL1994PLC061287

Jitendra Agarwal
Partner
Membership Number : 087104

Devesh Sachdev
MD and CEO
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary and Compliance Officer

Gaurav Maheshwari
Chief Financial Officer

Place: Gurugram
Date : October 3, 2022

Place: Gurugram
Date : September 30, 2022

Fusion Micro Finance Limited (formerly known as Fusion Micro Finance Private Limited)
Restated Ind AS Statement of Changes in Equity

(Rs in millions unless otherwise stated)

A Equity share capital

Particulars	As at April 1, 2019	Changes during the year 2019-20	As at March 31, 2020	Changes during the year 2020-21	As at March 31, 2021	Changes during the period ended June 30,2021	As at June 30, 2021	Changes during the year 2021-22	As at March 31, 2022	Changes during the period ended June 30,2022	As at June 30, 2022
Equity share capital (fully paid up)	626.21	177.63	803.84	-	803.84	-	803.84	39.42	843.26	-	843.26
Less: Treasury shares*	(13.54)	(4.74)	(18.28)	0.87	(17.41)	0.29	(17.12)	1.75	(15.66)	0.24	(15.42)
Equity share capital (partly paid up)	3.10	0.84	3.94	-	3.94	-	3.94	(3.94)	-	-	-
Total	**615.77**	**173.73**	**789.50**	**0.87**	**790.37**	**0.29**	**790.66**	**37.23**	**827.60**	**0.24**	**827.84**

* Treasury shares represents shares held by ESOP Trust. The company treats ESOP Trust as its extension and shares held by ESOP Trust are treated as treasury shares.

B Other equity

Particulars	Reserves and Surplus					Other Comprehensive Income	Total
	Statutory reserve	Treasury shares #	Securities premium	Employee stock option plan reserve	Retained earnings	Remeasurement gains on defined benefit plans	
Balance as at April 1, 2019	**183.22**	**(63.78)**	**5,180.76**	**19.88**	**321.21**	**1.48**	**5,642.77**
Profit for the year	-	-	-	-	696.10	-	696.10
Other comprehensive income for the year	-	-	-	-	-	5.06	5.06
Issue of equity shares	-	(79.17)	4,907.04	-	-	-	4,827.87
Transfer from retained earnings	139.22	-	-	-	(139.22)	-	-
Share issue expenses	-	-	(3.06)	-	-	-	(3.06)
Share based compensation	-	-	-	28.21	-	-	28.21
Exercise of share options	-	1.58	2.83	(1.97)	-	-	2.44
Lapse of share options	-	-	-	(2.29)	2.29	-	-
Balance as at March 31, 2020	**322.44**	**(141.37)**	**10,087.57**	**43.83**	**880.38**	**6.54**	**11,199.39**
Balance as at April 1, 2020	**322.44**	**(141.37)**	**10,087.57**	**43.83**	**880.38**	**6.54**	**11,199.39**
Profit for the year	-	-	-	-	439.44	-	439.44
Other comprehensive income for the year	-	-	-	-	-	0.03	0.03
Transfer from retained earnings	87.89	-	-	-	(87.89)	-	-
Share based compensation	-	-	-	30.40	-	-	30.40
Exercise of share options	-	3.23	4.10	(3.41)	-	-	3.92
Lapse of share options	-	-	-	(2.36)	2.36	-	-
Balance as at March 31, 2021	**410.33**	**(138.14)**	**10,091.67**	**68.46**	**1,234.29**	**6.57**	**11,673.18**
Balance as at April 1, 2021	**410.33**	**(138.14)**	**10,091.67**	**68.46**	**1,234.29**	**6.57**	**11,673.18**
Profit for the period	-	-	-	-	44.11	-	44.11
Other comprehensive income for the period	-	-	-	-	-	(2.87)	(2.87)
Transfer to / from retained earnings	8.83	-	-	-	(8.83)	-	-
Share based compensation	-			10.27	-	-	10.27
Exercise of share options	-	0.92	1.46	(1.22)	-	-	1.16
Lapse of share options				(2.16)	2.16	-	-
Balance as at June 30, 2021	**419.16**	**(137.22)**	**10,093.13**	**75.35**	**1,271.73**	**3.70**	**11,725.85**
Balance as at April 1, 2021	**410.33**	**(138.14)**	**10,091.67**	**68.46**	**1,234.29**	**6.57**	**11,673.18**
Profit for the year	-	-	-	-	217.55	-	217.55
Other comprehensive income for the year	-	-	-	-	-	2.22	2.22
Issue of shares	-	-	606.02			-	606.02
Transfer to / from retained earnings	43.51	-	-	-	(43.51)		-
Share based compensation	-	-	-	39.24	-	-	39.24
Exercise of share options	-	11.44	11.08	(8.82)	-	-	13.70
Lapse of share options	-	-	-	(3.73)	3.73	-	-
Balance as at March 31, 2022	**453.84**	**(126.70)**	**10,708.77**	**95.15**	**1,412.06**	**8.79**	**12,551.91**
Balance as at April 1, 2022	**453.84**	**(126.70)**	**10,708.77**	**95.15**	**1,412.06**	**8.79**	**12,551.91**
Profit for the period	-	-	-	-	751.02	-	751.02
Other comprehensive income for the period	-	-	-	-	-	4.24	4.24
Transfer to / from retained earnings	150.21	-	-	-	(150.21)		-
Share based compensation	-	-	-	26.75	-	-	26.75
Exercise of share options	-	2.15	2.50	(1.76)	-	-	2.89
Lapse of share options	-	-	-	(0.58)	0.58	-	-
Balance as at June 30, 2022	**604.05**	**(124.55)**	**10,711.27**	**119.56**	**2,013.45**	**13.03**	**13,336.81**

\# These treasury shares excludes amount adjusted from equity share capital.

See accompanying notes from 1 to 65 forming part of the Restated Ind AS Statement of Changes in Equity

As per our report of even date

for Deloitte Haskins & Sells
Chartered Accountants
ICAI Firm Registration Number: FRN - 015125N

for and on behalf of the Board of Directors of
Fusion Micro Finance Limited
CIN:U65100DL1994PLC061287

Jitendra Agarwal
Partner
Membership Number : 087104

Devesh Sachdev
MD and CEO
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary and Compliance Officer

Gaurav Maheshwari
Chief Financial Officer

Place: Gurugram
Date : October 3, 2022

Place: Gurugram
Date : September 30, 2022

1.Corporate information

Fusion Micro Finance Limited ('the Company'), (formerly known as Fusion Micro Finance Private Limited) was originally incorporated as 'Ambience Fincap Private Limited' on September 5, 1994 under the Companies Act, 1956. On January 9, 2003, the Reserve Bank of India granted a certificate of registration as a non-deposit accepting non-banking financial company under Section 45IA of the Reserve Bank of India Act, 1934. Subsequently, the name of Company was changed to 'Fusion Micro Finance Private Limited' and a fresh certificate of incorporation, dated April 19, 2010, was issued, post which the RBI granted a certificate of registration dated May 19, 2010 reflecting the change of name. Thereafter, the Company was issued a fresh certificate dated January 28, 2014 from RBI for carrying on the business of Non-Banking Financial Company-Micro Finance Institution ('NBFC-MFI') .The name of the Company was further changed to Fusion Micro Finance Limited upon conversion to a public limited company pursuant to the special resolution passed by the Shareholders of the Company and a fresh certificate of incorporation was issued dated July 20, 2021. The registered office of the Company is at H-1, C-Block, Community Centre, Naraina Vihar, New Delhi-110028.

The Company is primarily engaged in micro finance lending activities, providing financial services to poor women in India who are organized as Joint Liability Group ('JLGs'). The Company provides small value collateral free loans. Apart from micro finance lending, the Company also have lending to MSME enterprises.

Company uses its distribution channel to provide other financial products and services to the members primarily relate to providing of loans to the members for the purchase of certain productivity enhancing products such as mobile handsets, bicycle.

The restated Ind AS financial information as at and for the three month periods ended June 30, 2022 and June 30, 2021, and as at and for the years ended March 31, 2022, March 31, 2021, and March 31, 2020 were approved for issue in accordance with a resolution of the directors on September 30, 2022

1A. Basis of Preparation of Restated Ind AS Financial information

The Restated Ind AS Financial information comprises of the Ind AS Restated Statement of Assets and Liabilities as at June 30, 2022, June 30, 2021, March 31, 2022, 2021 and 2020, the Restated Ind AS Statement of Profit and Loss (including other comprehensive income (OCI), the Restated Ind AS Statement of Cash Flows, the Restated Ind AS Statement of Changes in Equity for the three month periods ended June 30, 2022 and June 30, 2021 and for the years ended March 31, 2022, 2021 and 2020, the Statement of Significant Accounting Policies and other explanatory notes . (collectively, the 'Restated Ind AS financial information' or 'financial information') have been prepared specifically for inclusion in the updated draft red herring prospectus, red herring prospectus and prospectus (collectively, the "Offer Documents") to be filed by the Company with the Registrar of Companies, Delhi and Securities and Exchange Board of India ("SEBI"), BSE Limited and National Stock Exchange of India Limited in connection with proposed initial public offer of equity shares of Rs. 10 each of the Company (the "Offering").

These restated Ind AS Financial information have been prepared to comply in all material respects 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 ("the SEBI ICDR Regulations"); and

c) The Guidance note on Reports in Company Prospectuses (Revised 2019) ('Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI').

The restated Ind AS Financial information have been compiled:

a) the audited Special Purpose Interim Ind AS Financial Statements of the Company as at and for the three month period ended June 30, 2022 prepared in accordance with the recognition and measurement principles of Indian Accounting Standard

(Ind AS) 34 "Interim Financial Reporting" as prescribed under Section 133 of the Act read with relevant rules issued thereunder, as amended, and other accounting principles generally accepted in India (the "Special Purpose Interim Ind AS Financial Statements"), which have been approved by the Board of Directors at their meeting held on September 30,2022.

b) the audited interim Ind AS Financial Statements of the Company as at and for the three month period ended June 30, 2021 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting" as prescribed under Section 133 of the Act read with relevant rules issued thereunder, as amended, and other accounting principles generally accepted in India , which have been approved by the Board of Directors at their meeting held on September 30,2022.

c) the audited Ind AS financial statements of the Company as at and for the years ended March 31, 2022, 2021 and 2020, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with relevant rules issued thereunder, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meetings held on May 06, 2022, May 26, 2021, and June 22, 2020 respectively

The accounting policies have been consistently applied by the Company in preparation of the restated Ind AS financial information to all the periods/years presented and are consistent with those adopted in the preparation of financial statements as at and for the three month period ended June 30, 2022.

These Restated Ind AS financial information do not reflect the effects of events that occurred subsequent to the respective dates of board meeting on the audited special purpose interim Ind AS financial statements/audited financial statements mentioned above. These audited financial statements have been prepared on a going concern basis.

The restated Ind AS financial information have been prepared:

a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the three month period ended June 30, 2021 and in the financial years ended 31 March 2022, 2021 and 2020 to reflect the same accounting treatment as per the accounting policy and grouping/classifications followed as at and for the three month period ended June 30, 2022.

b) do not require any adjustment for modification as there is no modification in the underlying audit reports.

Presentation of restated Ind AS financial information

The Company presents its balance sheet in order of liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the balance sheet. They are only offset and reported net, when in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

A. The normal course of business.
B. The event of default.
C. The event of insolvency or bankruptcy of the Company and/or its counterparties.

Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically.

2.Significant accounting policies

2.1 Recognition of income and expense

The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

2.1.1 Interest income

Interest revenue is recognized using the Effective Interest Rate method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income or interest expense over the relevant period.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than the credit impaired assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'Stage 3', the Company calculates the interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income a gross basis.

2.1.1.1 The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost, debt instrument measured at FVTOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial assets.

The EIR (and therefore, the amortized cost of the asset) is calculated by Considering any discount or premium on acquisition, fees and transaction costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortized through *Interest income* in the statement of profit and loss.

2.1.2 Dividend income

Dividend income is recognized when the Company's right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

2.1.3 Net gain on derecognition of financial instruments under amortized cost category

Where derecognition criteria as per Ind AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognized. Income from assignment transactions i.e. present value of excess interest spread is recognized. Refer Note 2.5 for policy on derecognition of financial assets.

2.1.4 Net Gain/Loss on fair value changes

The Company recognizes the fair value on investment in mutual funds measured at FVTPL in the statement of profit and loss in accordance with Ind AS 109.

2.1.5 Interest Expense

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

2.1.6 Revenue from Contracts with Customers

The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from Contracts with Customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

a) Facilitation fees income is earned on distribution of services and products of other entities under distribution arrangements. The income so earned is recognised on completion of successful distribution on behalf of other entities subject to there being no significant uncertainty of its recovery.

b) Revenue from business correspondence services is recognized point in time when performance obligation is satisfied as per agreed terms and conditions of the contract.

c) The company recognizes revenue from market support services upon satisfaction of performance obligation by rendering of services underlying the contract with third party customers.

2.2 Financial Instruments– initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument.

2.2.1 Date of recognition

Financial assets and liabilities, except for loans, debt securities, deposits and borrowings are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans are recognized when funds are disbursed to the customer's accounts. The Company recognises debt securities, deposits, and borrowings when funds reach the Company.

2.2.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair value through profit or loss (FVTPL), transaction costs are added to, subtracted from, this amount. Trade receivables are measured at the transaction price.

2.2.3 Measurement categories of financial assets and liabilities

The Company classifies all its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

a) Amortized cost, as explained in Note 2.3.1

b) FVTPL as explained in Notes 2.3.5

c) FVTOCI

The Company classifies and measures its trading portfolio at FVTPL. The Company may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, are measured at FVTPL when they are derivative instruments or the fair value designation is applied, as explained in Note 2.3.5.

2.3 Financial assets and liabilities

2.3.1 Cash and cash equivalents, Bank balances, Loans, Trade receivables, financial investments, and other financial assets at amortized cost

The Company measures cash and cash equivalents Bank balances, Loans, Trade receivables and other financial investments and assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

2.3.1.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The information considered includes:

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.
- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.3.1.2 The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the solely payments of principal and interest (the 'SPPI test').

For the purposes of this test, 'principal' is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

'Interest' within a lending arrangement is typically the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Where the business model is to hold assets to collect contractual cash flows (i.e. measured at amortized cost) or to collect contractual cash flows and sell (i.e. measured at fair value through other comprehensive income), the Company assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from ECL impairment are recognized in the profit or loss.

2.3.2 Derivative financial instruments at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as currency and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

Changes in the fair value of currency and interest rate swaps entered to hedge foreign currency risks and interest rate risks, respectively, on external commercial borrowing are included in Net loss /(gain) on fair value of derivative contracts measured at fair value through profit or loss under finance cost. Changes in the fair value of other derivatives are included in net gain/(loss) on fair value changes unless hedge accounting is applied.

The notional amount and fair value of such derivatives are disclosed separately in Note 15. The Company does not apply hedge accounting.

Included in this classification are equity instruments and mutual funds and that have been acquired principally for the purpose of selling or repurchasing in the near term.

2.3.3 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on funds issued, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

For the accounting treatment of financial instruments with equity conversion rights and call options, the Company first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities or equity instruments in accordance with Ind AS 32. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercising the option may appear to have become economically advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. Once the Company has determined the split between equity and liability, it further evaluates whether the liability component has embedded derivatives that must be accounted for separately.

2.3.4 Equity and Convertible instruments

Equity instruments are contracts that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Convertible instruments are separated into liability and equity components based on the terms of the contract. On issuance of the convertible instruments, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity since conversion option meets Ind AS 32 criteria for fixed-to-fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible instruments based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

2.3.5 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

Or

- The liabilities are part of a group of financial liabilities, which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

Or

- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

2.4 Reclassification of financial asset and liabilities

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in financial year 2021-22, 2020-21 and 2019-20.

2.5 Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either :

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

2.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously ('the offset criteria').

2.7 Impairment of Financial Assets

2.7.1 Overview of principles for measuring expected credit loss ('ECL') on financial assets.

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, in this section all referred to as 'financial instruments. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 47 (e).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Based on the above process, the Company categorizes its loans into Stage 1, Stage 2, Stage 3 as described below:

Stage 1
When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2. The Company has assessed that all standard exposures (i.e., exposures with no overdues) and exposure up to 30 days overdues fall under this category.

Stage 2
When loan that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, significant increase in credit risk is witnessed after the overdues on an exposure exceed for a period more than 30 days. Accordingly, the Company classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.

The loans provided to borrowers having running businesses with steady cash flows and not as a concession to overcome financial difficulties faced by borrowers other than the temporary suspension due to lock-down, are not considered as restructured accounts in terms of extant RBI Master Directions.

Stage 3
Loans considered credit-impaired. The Company records an allowance for the LTECLs. All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage.

For financial assets for which the Company 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.

2.7.2 Methodology for calculating ECL

The Company calculates ECL based on a probability weighted outcome of factors indicated below to measure the expected cash shortfalls. The Company does not discount such shortfalls considering relatively shorter tenure of loan contracts. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive

Key factors applied to determine ECL are outlined as follows:

Probability of default (PD) – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

Exposure at default (EAD) – Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

Loss given default (LGD) – It is an estimate of the loss arising when the event of default occurs. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD.

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 mechanics of the ECL method are summarised below:

Stage 1:	The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a EAD and multiplied by the expected LGD.
Stage 2:	When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument.
Stage 3:	For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

2.7.3 Forward looking information

While estimating the expected credit loss, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Inflation, Unemployment rates, Benchmark rates set by Reserve Bank of India, with the estimate of PD, LGD determined by the Company based in its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

2.7.4 Write-offs

Loans are written off in their entirety only when the Company has stopped perusing the recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-offs. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries against such loan are credited to the statement of profit and loss.

2.7.5 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

2.8 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price at the measurement date that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

• **Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

• Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

• Level 3 financial instruments − Includes one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

For assets and liabilities that are recognized in the Restated Ind AS Financial information on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

2.9 Foreign Currency transactions

2.9.1 Functional and presentation currency

The Restated Ind AS Financial Information are presented in Indian Rupees (INR), which are the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

2.9.2 Transaction and balance

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All exchange differences arising from foreign currency borrowings to the extent not capitalized are regarded as a cost of borrowing and presented under Finance cost..

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

2.10 Leasing

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

Where the Company is lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- **Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.7.5 Impairment of non-financial assets.

- **Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.
In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term lease

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as and when due.

2.11 Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.12 Property, Plant and Equipment (PPE)

Property, plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate items (major components) of property, plant and equipment.

Leasehold improvements are amortized on straight line basis over the lease term or the estimated useful life of the assets, whichever is lower.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Property plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other income / expense in the statement of profit and loss in the year the asset is derecognised.

Depreciation on property, plant and equipment provided on written down value method at the rate arrived based on useful life of the assets, prescribed under schedule II of the act, which also represents the estimate of the useful life of the assets by the management.

Depreciation on assets sold during the year is charged to the statement of Profit and Loss up to the date of sale.

The Company has used the following useful lives to provide depreciation on its Property, plant and equipment.

Asset category	Useful life (in years)
Furniture & Fixture	10
Electrical fittings	10
Computers & Printers	3
Office Equipment	5
Vehicles	8

2.13 Intangible assets

The Company's intangible assets mainly include the Computer Software. An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost.

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

Computer software - 3-6 years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss. when the asset is derecognized.

2.14 Retirement and other Employee benefits

2.14.1 Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company 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.

2.14.2 Share-based payment arrangements

The Company has formulated an Employees Stock Option Schemes to be administered through a Trust. The scheme provides that subject to continued employment with the Company, the employees are granted an option to acquire equity shares of the Company that may be exercised within the specified period.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 43.

That cost is recognized in employee benefits expense over the period in which service conditions are fulfilled, together with a corresponding increase in employee stock option plan reserve in other equity. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. No expense is recognized for awards that do not ultimately vest because service conditions have not been met.
The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.14.3 Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Post-employment benefits in the form of provident fund , and other funds are defined contribution scheme.

The Company has no obligation, other than the contribution payable to the provident fund and pension scheme. The Company recognises contribution payable to scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

2.14.4 Defined benefit plans

The Company has defined benefit gratuity plan. The Company's net obligation in respect of gratuity 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 Company, the recognized 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. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability/asset, 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 recognized immediately in the balance sheet with a corresponding debit or credit to OCI (other Comprehensive Income) in the period in which they occur. 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 recognized in profit or loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

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 recognized immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

2.14.5 Other long-term employee benefits

Compensated absences are a long-term employee benefit and are accrued based on an actuarial valuation done as per projected unit credit method as at the Balance Sheet date, carried out by an independent actuary.

Actuarial gains and losses arising during the year are immediately recognized in the statement of profit and loss.

2.15 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

2.16 Share issue expenses

Incremental costs that are directly attributable to the issue of an equity instrument (i.e. they would have been avoided if the instrument had not been issued) are deducted from equity.

2.17 Taxes

2.17.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. It is computed using tax rates and tax laws enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and liabilities are offset only if, the Company:
- has a legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.17.2 Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised Deferred tax assets are reviewed at each reporting date and are 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 utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized 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, using tax rates (and tax laws) that have enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset only if:

- the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

2.17.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.18 Earning per share

The Company reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per share. Basic earnings per 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 period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting 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 period are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The MD and CEO of the Company has been identified as the chief operating decision maker for the Company.

2.20 Contingent Liabilities and Contingent Assets

A Contingent Liability a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Restated Ind AS Financial information.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed, where an inflow of economic benefits are probable. The Company shall not recognise a contingent asset unless the recovery is virtually certain.

2.21 Treasury Shares

The Company has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Company uses EBT as a vehicle for distributing shares to employees under the employee stock option schemes.

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in capital reserve. Share options exercised during the reporting period are satisfied with treasury shares.

2.22 Significant accounting judgements, estimates and assumptions

The preparation of restated Ind AS financial information requires the management to make judgments, estimates and assumptions that affects the reported amounts of assets, liabilities, revenue and expenses and the accompanying disclosures, , as well as the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities affected in future periods

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the restated Ind AS financial information is included in the following notes

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Fair value of financial instrument

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

Impairment of financial asset

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Company makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.

Provisions other than impairment on loan portfolio

Provisions are held in respect of a range of future obligations such as employee benefit plans and cash loss contingencies. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions.

Payments that are expected to be incurred after more than one year are discounted at a rate which reflects both current interest rates and the risks specific to that provision.

Share Based Payment

Estimating fair value for share-based payment transactions requires determining of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Other Estimates

- **Useful lives of depreciable/amortizable assets** – Management reviews its estimate of the useful lives of depreciable/amortizable asset at each reporting date, based on expected utility of assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets

- **Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognized is based on assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

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(Rs in millions unless otherwise stated)

	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
3 Cash and cash equivalents					
Cash on hand	192.01	138.11	148.19	111.27	13.86
Balances with banks					
- on current accounts	5,795.92	8,413.03	9,365.40	7,690.27	4,332.58
- deposits with original maturity of less than 3 months	750.20	3,600.32	600.13	4,352.66	1,050.23
Total	**6,738.13**	**12,151.46**	**10,113.72**	**12,154.20**	**5,396.67**

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. The company has not taken bank overdraft, therefore the cash and cash equivalent for cash flow statement is same as cash and for cash equivalent given above.

	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
4 Bank balance other than cash and cash equivalents					
Deposits with maturity of less than 12 months*	728.34	724.79	920.87	601.61	2,039.71
Deposits with maturity of more than 12 months **	230.04	488.39	501.39	596.75	548.91
Margin money with financial institution towards securitised borrowings#	-	-	-	-	178.05
Deposit with financial institutions as security deposit	-	-	-	-	14.15
Total	**958.38**	**1,213.18**	**1,422.26**	**1,198.36**	**2,780.82**

* Includes lien free fixed deposits as at June 30, 2022 Rs. 25.33 millions (June 30, 2021 : 211.17 millions , March 31, 2022 : Rs 60.54 millions, March 31, 2021: Rs. 336.02 millions and March 31, 2020: Rs. 1,513.75 millions)
** Includes lien free fixed deposits as at June 30, 2022 Nil, (June 30, 2021 : 25.01 millions , March 31, 2022 : Rs 3.79 millions March 31, 2021: Rs. 36.27 millions and March 31, 2020: Rs.96.25 millions)

#Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments .

Note :Fixed deposit and other balances with banks earns interest at contractual fixed rates.

	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
5 Trade receivables (at amortized cost)					
Unsecured considered good	57.99	2.88	43.42	27.93	31.39
Less : Impairment loss allowance	-	-	-	-	-
Total	**57.99**	**2.88**	**43.42**	**27.93**	**31.39**

Note: No trade or other receivable are due form directors and other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivable are non-interest bearing and generally on terms of 30 to 90 days.

Trade recevible include unbilled revenue as on June 30, 2022: Rs 13.20 millions (June 30, 2021 : nil , March 31, 2022 : nil March 31, 2021: nil and March 31, 2020: nil)

Trade receivables ageing schedule

As at June 30,2022*

Particular	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	57.46	-	0.01	0.37	0.15	**57.99**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	**57.46**	**-**	**0.01**	**0.37**	**0.15**	**57.99**

As at June 30,2021*

Particular	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	2.88	-	-	-	-	**2.88**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	**2.88**	**-**	**-**		**-**	**2.88**

As at March 31,2022*

Particular	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	43.42	-	-	-	-	**43.42**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	**43.42**	**-**	**-**		**-**	**43.42**

As at March 31,2021*

Particular	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	27.93	-	-	-	-	**27.93**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	**27.93**	**-**	**-**	**-**	**-**	**27.93**

As at March 31,2020*

Particular	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	31.39	-	-	-	-	**31.39**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	**31.39**	**-**	**-**	**-**	**-**	**31.39**

(Rs in millions unless otherwise stated)

*In case of no due date of payment disclosure has been given based on the date of the transaction.

	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
6 Loans (at amortised cost)					
Term Loans:					
Joint liability loans	67,330.06	46,341.05	61,454.18	46,129.77	34,400.39
MSME Loans	1,621.65	351.35	1,331.26	330.55	11.70
Total - Gross	**68,951.71**	**46,692.40**	**62,785.44**	**46,460.32**	**34,412.09**
Less: Impairment loss allowance	(2,442.74)	(3,456.04)	(3,603.50)	(2,853.02)	(982.36)
Total - Net	**66,508.97**	**43,236.36**	**59,181.94**	**43,607.30**	**33,429.73**
(a) Secured	362.17	37.85	271.61	35.07	-
(b) Unsecured	68,589.54	46,654.55	62,513.83	46,425.25	34,412.09
Total - Gross	**68,951.71**	**46,692.40**	**62,785.44**	**46,460.32**	**34,412.09**
Less: Impairment loss allowance	(2,442.74)	(3,456.04)	(3,603.50)	(2,853.02)	(982.36)
Total - Net	**66,508.97**	**43,236.36**	**59,181.94**	**43,607.30**	**33,429.73**
(a) Public sector				-	-
(b) Others	68,951.71	46,692.40	62,785.44	46,460.32	34,412.09
Total - Gross	**68,951.71**	**46,692.40**	**62,785.44**	**46,460.32**	**34,412.09**
Less: Impairment loss allowance	(2,442.74)	(3,456.04)	(3,603.50)	(2,853.02)	(982.36)
Total - Net	**66,508.97**	**43,236.36**	**59,181.94**	**43,607.30**	**33,429.73**
Above amount includes					
Loans provided in India	68,951.71	46,692.40	62,785.44	46,460.32	34,412.09
Loans provided outside India	-	-	-	-	-
Total - Gross	**68,951.71**	**46,692.40**	**62,785.44**	**46,460.32**	**34,412.09**
Less: Impairment loss allowance	(2,442.74)	(3,456.04)	(3,603.50)	(2,853.02)	(982.36)
Total - Net	**66,508.97**	**43,236.36**	**59,181.94**	**43,607.30**	**33,429.73**

Overview of the Loan Portfolio of the Company

The Company is primarily in the business of providing micro loans towards income generating activities with its operations spread out in different parts of India. The table below discloses credit quality of the Company's exposures as at reporting date.

Gross portfolio movement for the period ended June 30, 2022

Particulars	**Stage I***	**Stage II**	**Stage III**	**Total**
Gross carrying value of loans as at April 1, 2022	57,890.26	1,310.91	3,584.27	62,785.44
New loans originated during the year, net off for repayments and derecognised portfolio	8,104.45	(276.61)	(300.56)	7,527.27
Loans written off during the year	-	-	(1,361.00)	(1,361.00)
				-
Movement between stages				-
Transfer from stage I	(551.20)	441.44	109.76	-
Transfer from stage II	63.81	(609.39)	545.57	(0.00)
Transfer from stage III	20.78	27.87	(48.65)	(0.00)
Gross carrying value of assets as at June 30, 2022	**65,528.10**	**894.22**	**2,529.39**	**68,951.71**

Gross portfolio movement for the period ended June 30, 2021

Particulars	**Stage I***	**Stage II**	**Stage III**	**Total**
Gross carrying value of loans as at April 1, 2021	40,763.84	3,137.58	2,558.90	46,460.32
New loans originated during the year, net off for repayments and derecognised portfolio	335.93	(119.76)	101.84	318.01
Loans written off during the year	-	-	(85.93)	(85.93)
				-
Movement between stages				-
Transfer from stage I	(2,635.67)	2,397.01	238.66	0.00
Transfer from stage II	1,291.21	(2,324.85)	1,033.64	0.00
Transfer from stage III	296.21	662.00	(958.21)	-
Gross carrying value of assets as at June 30, 2021	**40,051.52**	**3,751.98**	**2,888.90**	**46,692.40**

Gross portfolio movement for the year ended March 31, 2022

Particulars	**Stage I***	**Stage II**	**Stage III**	**Total**
Gross carrying value of loans as at April 1, 2021	40,763.84	3,137.58	2,558.90	46,460.32
New loans originated during the year, net off for repayments and derecognised portfolio	19,372.32	(1,491.18)	1,378.36	19,259.51
Loans written off during the year	-	-	(2,934.39)	(2,934.39)
Movement between stages				
Transfer from stage I	(2,640.41)	818.39	1,822.02	-
Transfer from stage II	352.08	(1,176.07)	823.99	-
Transfer from stage III	42.43	22.19	(64.62)	-
Gross carrying value of assets as at March 31, 2022	**57,890.26**	**1,310.91**	**3,584.27**	**62,785.44**

Gross portfolio movement for the year ended March 31, 2021

Particulars	**Stage I***	**Stage II**	**Stage III**	**Total**
Gross carrying value of loans as at April 1, 2020	33,861.54	166.06	384.49	34,412.09
New loans originated during the year, net off for repayments and derecognised portfolio	12,104.12	77.24	192.93	12,374.29
Loans written off during the year	-	-	(326.06)	(326.06)
Movement between stages				
Transfer from stage I	(5,202.84)	3,000.49	2,202.35	-
Transfer from stage II	1.01	(106.21)	105.20	-
Transfer from stage III	0.01	-	(0.01)	-
Gross carrying value of assets as at March 31, 2021	**40,763.84**	**3,137.58**	**2,558.90**	**46,460.32**

Gross portfolio movement for the year ended March 31, 2020

Particulars	**Stage I***	**Stage II**	**Stage III**	**Total**
Gross carrying value of loans as at April 1, 2019	25,631.50	105.37	404.24	26,141.11
New loans originated during the year, net off for repayments and derecognised portfolio	8,518.07	17.84	87.12	8,623.03
Loans written off during the year	-	-	(352.05)	(352.05)
Movement between stages				
Transfer from stage I	(288.37)	59.14	229.23	-
Transfer from stage II	0.31	(16.33)	16.02	-
Transfer from stage III	0.03	0.04	(0.07)	-
Gross carrying value of assets as at March 31, 2020	**33,861.54**	**166.06**	**384.49**	**34,412.09**

* Includes over due from 1 to 30 days amounting to Rs 864.53 million Rs 4264.99 million, Rs 1,121.26 million, Rs 1,719.89 million and Rs. 78.83 million as at June 30, 2022, June 30, 2021, March 31, 2022 , March 31, 2021 and March 31, 2020 respectively.

(Rs in millions unless otherwise stated)

Reconciliation of loss allowance provision from beginning to end of reporting year :

Particulars	Loans				Other financial assets (refer note 8)
	Stage I	Stage II	Stage III	Total	
ECL allowance on April 1, 2019	**111.60**	**49.44**	**259.71**	**420.75**	**-**
New assets originated during the year, netted off for repayments and derecognised portfolio	36.98	8.19	54.76	99.93	13.33
Loans written off during the year	-	-	(352.05)	(352.05)	-
Movement between stages				-	
Transfer from stage I	(1.25)	0.26	1.00	-	-
Transfer from stage II	0.14	(7.50)	7.36	-	-
Transfer from stage III	0.02	0.03	(0.04)	-	-
Impact on ECL on account of movement between stages/ updates to ECL model*	497.82	32.60	283.30	813.73	-
ECL allowance on March 31, 2020	**645.31**	**83.02**	**254.04**	**982.36**	**13.33**
ECL allowance on April 1, 2020	**645.31**	**83.02**	**254.04**	**982.36**	**13.33**
New assets originated during the year, netted off for repayments and derecognised portfolio	230.67	38.62	127.48	396.77	11.09
Loans written off during the year	-	-	(326.06)	(326.06)	(15.06)
Movement between stages				-	
Transfer from stage I	(37.45)	16.52	20.93	-	-
Transfer from stage II	0.50	(53.10)	52.59	-	-
Transfer from stage III	0.01	-	(0.01)	-	-
Impact on ECL on account of movement between stages/ updates to ECL model	(389.48)	783.17	1,406.26	1,799.95	-
ECL allowance on March 31, 2021	**449.56**	**868.23**	**1,535.23**	**2,853.02**	**9.36**
ECL allowance on April 1, 2021	**449.56**	**868.23**	**1,535.23**	**2,853.02**	**9.36**
New assets originated during the year, netted off for repayments and derecognised portfolio	213.65	(412.64)	826.96	627.97	2.01
Loans written off during the year	-	-	(2,934.39)	(2,934.39)	-
Movement between stages					
Transfer from stage I	(29.12)	9.03	20.09	-	-
Transfer from stage II	97.43	(325.44)	228.01	(0.00)	-
Transfer from stage III	25.46	13.31	(38.77)	-	-
Impact on ECL on account of movement between stages/ updates to ECL model	(159.86)	299.90	2,916.86	3,056.90	-
ECL allowance on March 31, 2022	**597.12**	**452.39**	**2,553.99**	**3,603.50**	**11.37**
ECL allowance on April 1, 2021	**449.56**	**868.23**	**1,535.23**	**2,853.02**	**9.36**
New assets originated during the period , netted off for repayments and derecognised portfolio	3.70	(33.14)	61.10	31.66	2.82
Loans written off during the period	-	-	(85.93)	(85.93)	-
Movement between stages					
Transfer from stage I	(29.07)	26.44	2.63	0.00	-
Transfer from stage II	357.30	(643.33)	286.03	-	-
Transfer from stage III	177.71	397.17	(574.88)	-	-
Impact on ECL on account of movement between stages/ updates to ECL model	(215.27)	520.53	352.03	657.29	-
ECL allowance on June 30, 2021	**743.93**	**1,135.90**	**1,576.21**	**3,456.04**	**12.18**
ECL allowance on April 1, 2022	**597.12**	**452.39**	**2,553.99**	**3,603.50**	**11.37**
New assets originated during the period , netted off for repayments and derecognised portfolio	83.62	(95.46)	(214.17)	(226.01)	0.40
Loans written off during the period	-	-	(1,361.00)	(1,361.00)	-
Movement between stages					
Transfer from stage I	(5.69)	4.55	1.13	-	-
Transfer from stage II	22.02	(210.30)	188.27	-	-
Transfer from stage III	14.81	19.86	(34.66)	-	-
Impact on ECL on account of movement between stages/ updates to ECL model	(201.14)	159.24	468.15	426.25	-
ECL allowance on June 30, 2022	**510.75**	**330.29**	**1,601.71**	**2,442.74**	**11.77**

* Includes management overlay of Rs 510.41 millions, for further clarification refer note 54

7 Investments (at amortised cost)	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Investments in Mutual funds (HDFC Charity fund for cancer cure) June 30, 2022 - Nil, June 30, 2021 - Nil units March 31, 2022 - Nil units, March 31, 2021 - Nil units and March 31, 2020 - 5,00,000 units	-		-	-	5.00
(i) Overseas Investments	-		-	-	-
(ii) Investments in India	-		-	-	5.00
Total	**-**		**-**	**-**	**5.00**

8 Other financial assets (at amortised cost)	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
A Security deposits					
Unsecured, considered good	27.31	23.84	26.92	23.53	15.36
A	**27.31**	**23.84**	**26.92**	**23.53**	**15.36**
B Other assets					
Excess interest spread (EIS) receivable	351.09	93.85	435.08	128.15	126.80
Advances recoverable in cash or for value to be received	160.71	338.44	162.05	158.44	109.63
Initial public offer expenses recoverable (refer note A in note 14)	58.55	8.14	55.97	-	-
Less : Impairment loss allowance (refer note 6 for movement)	(11.77)	(12.18)	(11.37)	(9.36)	(13.33)
B	**558.58**	**428.25**	**641.73**	**277.23**	**223.10**
A+B	**585.89**	**452.09**	**668.65**	**300.76**	**238.46**

9 Current tax assets (net)	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Advance income tax (net)	395.35	83.41	353.61	119.58	119.09
Total	**395.35**	**83.41**	**353.61**	**119.58**	**119.09**

10 Deferred tax assets (net)

A Deferred tax assets:					
Impairment allowance for financial assets	615.75	854.25	900.39	688.12	237.62
Differences of written down value of Property, plant and equipment and intangible assets	16.60	12.54	15.29	11.87	7.86
Provision for employee benefits	21.90	32.22	36.10	35.73	28.32
Provisions allowable on payment basis	-	34.03	-	31.48	20.53
Financial liabilities measured at amortised cost	7.29	6.14	6.42	6.08	3.99
EIR impact on loan portfolio	131.62	67.96	111.37	68.98	38.72
Fair valuation of derivative financial instrument	19.74	9.62	19.41	-	-
Other temporary difference	5.54	13.85	8.41	16.00	9.41
Total deferred tax assets	**818.44**	**1,030.61**	**1,097.39**	**858.26**	**346.45**

(Rs in millions unless otherwise stated)

B Deferred tax liabilities

Excess interest spread (EIS) receivable	(80.33)	(21.11)	(101.54)	(29.15)	(30.19)
Stage 3 interest income	(93.68)	(110.43)	(128.29)	(63.83)	(11.24)
Total deferred tax liabilities	**(174.01)**	**(131.54)**	**(229.83)**	**(92.98)**	**(41.43)**
Net deferred tax assets (A+B)	**644.43**	**899.09**	**867.56**	**765.28**	**305.02**

C Movement in Deferred tax assets (net)

Particulars	**As at April 01, 2022**	**(Charge)/credit in Statement of profit and loss for the period ended June 30, 2022**	**Recognized in other comprehensive income for the period ended June 30, 2022**	**Recognized in other equity for the quarter ended June 30, 2022**	**As at June 30, 2022**
Assets					
Impairment allowance for financial assets	900.39	(284.64)	-	-	615.75
Differences of written down value of Property, plant and equipment and intangible assets	15.29	1.30	-	-	16.60
Provision for employee benefits	36.10	(12.77)	(1.43)	-	21.90
Financial liabilities measured at amortised cost	6.42	0.87	-	-	7.29
Fair valuation of derivative financial instrument	19.41	0.33	-		19.74
EIR impact on term loans	111.37	20.25	-	-	131.62
Other temporary difference	8.41	(2.87)	-	-	5.54
Liabilities				-	-
EIS receivable	(101.54)	21.21	-	-	(80.33)
Stage 3 interest income	(128.29)	34.61	-	-	(93.68)
Total	**867.57**	**(221.72)**	**(1.43)**	**-**	**644.43**

Particulars	**As at April 01, 2021**	**(Charge)/credit in Statement of profit and loss for the period ended June 30, 2021**	**Recognized in other comprehensive income for the period ended June 30, 2021**	**Recognized in other equity for the quarter ended June 30, 2021**	**As at June 30, 2021**
Assets					
Impairment allowance for financial assets	688.12	166.15	-	-	854.27
Differences of written down value of Property, plant and equipment and intangible assets	11.87	0.67	-	-	12.54
Provision for employee benefits	35.73	(4.48)	0.97	-	32.22
Provisions allowable on payment basis	31.48	2.55	-	-	34.03
Financial liabilities measured at amortised cost	6.08	0.07	-	-	6.15
Fair valuation of derivative financial instrument	-	9.62	-		9.62
EIR impact on term loans	68.98	(1.02)	-	-	67.96
EIS receivable	-		-	-	-
Other temporary difference	16.00	(2.15)	-	-	13.85
Liabilities				-	-
EIS receivable	(29.15)	8.04	-	-	(21.11)
Stage 3 interest income	(63.83)	(46.61)	-	-	(110.44)
Total	**765.28**	**132.84**	**0.97**	**-**	**899.09**

Particulars	**As at April 01, 2021**	**(Charge)/credit in restated statement of profit and loss**	**Recognized in restated other comprehensive income for the year ended March 31, 2022**	**Recognized in restated other equity for the year ended March 31, 2022**	**As at March 31, 2022**
Assets					
Impairment allowance for financial assets	688.12	212.27	-	-	900.39
Differences of written down value of Property, plant and equipment and intangible assets	11.87	3.42	-	-	15.29
Provision for employee benefits	35.73	1.11	(0.74)	-	36.10
Provisions allowable on payment basis	31.48	(31.48)	-	-	-
Financial liabilities measured at amortised cost	6.08	0.34	-	-	6.42
Fair valuation of derivative financial instrument	-	19.41	-		19.41
EIR impact on term loans	68.98	42.39	-	-	111.37
Other temporary difference	16.00	(7.59)	-	-	8.41
Liabilities				-	
EIS receivable	(29.15)	(72.39)	-	-	(101.54)
Stage 3 interest income	(63.83)	(64.46)	-	-	(128.29)
Total	**765.28**	**103.02**	**(0.74)**	**-**	**867.56**

Particulars	**As at April 01, 2020**	**(Charge)/credit in restated statement of profit and loss**	**Recognized in restated other comprehensive income for the year ended March 31, 2021**	**Recognized in restated other equity for the year ended March 31, 2021**	**As at March 31, 2021**
Assets					
Impairment allowance for financial assets	237.62	450.51	-	-	688.12
Differences of written down value of Property, plant and equipment and intangible assets	7.86	4.01	-	-	11.87
Provision for employee benefits	28.32	7.42	(0.01)	-	35.73
Provisions allowable on payment basis	20.53	10.95	-	-	31.48
Financial liabilities measured at amortised cost	3.99	2.09	-	-	6.08
EIR impact on term loans	38.72	30.26	-	-	68.98
Other temporary difference	9.41	6.59	-	-	16.00
Liabilities					
EIS receivable	(30.19)	1.03	-	-	(29.15)
Stage 3 interest income	(11.24)	(52.59)	-	-	(63.83)
Total	**305.02**	**460.27**	**(0.01)**	**-**	**765.28**

Particulars	**As at April 01, 2019**	**(Charge)/credit in restated statement of profit and loss**	**Recognized in restated other comprehensive income for the year ended March 31, 2020**	**Recognized in restated other equity for the year ended March 31, 2020**	**As at March 31, 2020**
Assets					
Impairment allowance for financial assets	143.10	94.52	-	-	237.62
Differences of written down value of Property, plant and equipment and intangible assets	8.47	(0.61)	-	-	7.86
Provision for employee benefits	22.82	6.90	(1.40)	-	28.32
Provisions allowable on payment basis	14.22	6.31	-	-	20.53
Financial liabilities measured at amortised cost	5.35	(1.36)	-	-	3.99
EIR impact on term loans	29.92	8.80	-	-	38.72
EIS receivable	0.02	(0.02)	-	-	-
Other temporary difference	16.62	(7.21)	-	-	9.41
Liabilities					
EIS receivable	-	(30.19)	-	-	(30.19)
Stage 3 interest income	(26.21)	14.97	-	-	(11.24)
Total	**214.31**	**92.11**	**(1.40)**	**-**	**305.02**

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(Rs in millions unless otherwise stated)

11 Property, plant and equipment

Particulars	Gross carrying amount (at cost)				Depreciation				Net carrying amount
	As at April 1, 2022	Additions	Disposals	As at June 30, 2022	As at April 1, 2022	For the period	Disposals	As at June 30, 2022	As at June 30, 2022
Furniture and fixtures	36.27	2.13	0.05	38.35	16.73	1.33	0.05	18.01	20.34
Electrical fittings	10.15	0.44	0.05	10.54	5.94	0.28	0.05	6.17	4.37
Office equipment	29.71	3.24	0.19	32.76	14.54	1.92	0.19	16.27	16.49
Vehicles	3.35	-	-	3.35	1.32	0.18	-	1.50	1.85
Computers	89.01	4.65	1.18	92.48	54.43	6.13	1.18	59.38	33.10
Leasehold improvements	69.97	-	-	69.97	23.46	1.99	-	25.45	44.52
Total	**238.46**	**10.46**	**1.47**	**247.45**	**116.42**	**11.82**	**1.47**	**126.78**	**120.67**

Particulars	Gross carrying amount (at cost)				Depreciation				Net carrying amount
	As at April 1, 2021	Additions	Disposals	As at June 30, 2021	As at April 1, 2021	For the period	Disposals	As at June 30, 2021	As at June 30, 2021
Furniture and fixtures	26.83	0.41	-	27.24	12.00	1.15	-	13.15	14.09
Electrical fittings	9.11	-	-	9.11	4.74	0.38	-	5.12	3.99
Office equipment	18.14	1.30	-	19.44	7.36	1.42	-	8.78	10.67
Vehicles	3.35	-	-	3.35	0.40	0.23	-	0.63	2.73
Computers	48.35	5.81	-	54.16	33.05	3.11	-	36.16	18.01
Leasehold improvements	69.97	-	-	69.97	15.46	1.99	-	17.45	52.52
Total	**175.75**	**7.52**	**-**	**183.27**	**73.01**	**8.28**	**-**	**81.29**	**102.00**

Particulars	Gross carrying amount (at cost)				Depreciation				Net carrying amount
	As at April 1, 2021	Additions	Disposals	As at March 31, 2022	As at April 1, 2021	For the year	Disposals	As at March 31, 2022	As at March 31, 2022
Furniture and fixtures	26.83	9.44	-	36.27	12.00	4.73	-	16.73	19.54
Electrical fittings	9.11	1.04	-	10.15	4.74	1.20	-	5.94	4.21
Office equipment	18.14	11.58	-	29.71	7.36	7.18	-	14.54	15.18
Vehicles	3.35	-	-	3.35	0.40	0.92	-	1.32	2.03
Computers	48.35	40.71	0.06	89.01	33.05	21.42	0.04	54.43	34.57
Leasehold improvements	69.97	-	-	69.97	15.46	8.00	-	23.46	46.51
Total	**175.75**	**62.77**	**0.06**	**238.46**	**73.01**	**43.45**	**0.04**	**116.42**	**122.04**

Particulars	Gross carrying amount (at cost)				Depreciation				Net carrying amount
	As at April 1, 2020	Additions	Disposals	As at March 31, 2021	As at April 1, 2020	For the year	Disposals	As at March 31, 2021	As at March 31, 2021
Furniture and fixtures	21.21	5.68	0.06	26.83	7.28	4.78	0.06	12.00	14.83
Electrical fittings	12.00	0.18	3.07	9.11	5.12	2.69	3.07	4.74	4.37
Office equipment	9.12	9.39	0.37	18.14	3.18	4.55	0.37	7.36	10.78
Vehicles	0.75	2.96	0.36	3.35	0.62	0.16	0.37	0.40	2.95
Computers	33.64	14.71	-	48.35	20.87	12.18	-	33.05	15.29
Leasehold improvements	27.48	42.49	-	69.97	8.15	7.31	-	15.46	54.52
Total	**104.20**	**75.41**	**3.86**	**175.75**	**45.22**	**31.66**	**3.87**	**73.01**	**102.74**

(Rs in millions unless otherwise stated)

Particulars	Gross carrying amount (at cost)				Depreciation				Net carrying amount
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	For the year	Disposals	As at March 31, 2020	As at March 31, 2020
Furniture and fixtures	15.51	5.70	-	21.21	3.07	4.21	-	7.28	13.93
Electrical fittings	10.43	1.57	-	12.00	2.41	2.71	-	5.12	6.88
Office equipment	3.28	5.84	-	9.12	0.99	2.19	-	3.18	5.94
Vehicles	0.75	-	-	0.75	0.40	0.22	-	0.62	0.13
Computers	20.88	12.97	0.21	33.64	10.54	10.46	0.13	20.87	12.77
Leasehold improvements	23.99	3.49	-	27.48	3.92	4.23	-	8.15	19.33
Total	**74.84**	**29.57**	**0.21**	**104.20**	**21.33**	**24.02**	**0.13**	**45.22**	**58.98**

12 Right of Use Asset

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2022	Additions	Disposals	As at June 30,	As at April 1, 2022	For the period	Disposals	As at June 30, 2022	As at June 30, 2022
Building (refer Note 53)	83.45	12.80	-	96.25	14.28	2.78	-	17.06	79.19
Total	**83.45**	**12.80**	**-**	**96.25**	**14.28**	**2.78**	**-**	**17.06**	**79.19**

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2021	Additions	Disposals	As at June 30,	As at April 1, 2021	For the period	Disposals	As at June 30, 2021	As at June 30, 2021
Building (refer Note 53)	83.45	-	-	83.45	5.26	1.50	-	6.77	76.68
Total	**83.45**	**-**	**-**	**83.45**	**5.26**	**1.50**	**-**	**6.77**	**76.68**

Particulars	Gross carrying amount (at cost)				Depreciation				Net Carrying Amount
	As at April 1, 2021	Additions	Disposals	As at March 31,	As at April 1, 2021	For the year	Disposals	As at March 31, 2022	As at March 31, 2022
Building (refer Note 53)	83.45	-	-	83.45	5.26	9.02	-	14.28	69.17
Total	**83.45**	**-**	**-**	**83.45**	**5.26**	**9.02**	**-**	**14.28**	**69.17**

Particulars	Gross carrying amount (at cost)				Depreciation				Net carrying amount
	As at April 1, 2020	Additions	Disposals	As at March 31, 2021	As at April 1, 2020	For the year	Disposals	As at March 31, 2021	As at March 31, 2021
Building (refer Note 53)	-	83.45	-	83.45	-	5.26	-	5.26	78.19
Total	**-**	**83.45**	**-**	**83.45**	**-**	**5.26**	**-**	**5.26**	**78.19**

Particulars	Gross carrying amount (at cost)				Depreciation				Net carrying amount
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	For the year	Disposals	As at March 31, 2020	As at March 31, 2020
Building (refer Note 53)	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(Rs in millions unless otherwise stated)

13 Intangible assets

Particulars	Gross carrying amount (at cost)				Amortization				Net Carrying Amount
	As at April 1, 2022	Additions	Disposals	As at June 30, 2022	As at April 1, 2022	For the period	Disposals	As at June 30, 2022	As at June 30, 2022
Computer software	8.17	-	-	8.17	7.46	0.15	-	7.60	0.57
	8.17	**-**	**-**	**8.17**	**7.46**	**0.15**	**-**	**7.60**	**0.57**

Particulars	Gross carrying amount (at cost)				Amortization				Net Carrying Amount
	As at April 1, 2021	Additions	Disposals	As at June 30, 2021	As at April 1, 2021	For the period	Disposals	As at June 30, 2021	As at June 30, 2021
Computer software	8.12	-	-	8.12	6.22	0.38	-	6.60	1.52
	8.12	**-**	**-**	**8.12**	**6.22**	**0.38**	**-**	**6.60**	**1.52**

Particulars	Gross carrying amount (at cost)				Amortization				Net Carrying Amount
	As at April 1, 2021	Additions	Disposals	As at March 31, 2022	As at April 1, 2021	For the year	Disposals	As at March 31, 2022	As at March 31, 2022
Computer software	8.12	0.05	-	8.17	6.22	1.24	-	7.46	0.71
	8.12	**0.05**	**-**	**8.17**	**6.22**	**1.24**	**-**	**7.46**	**0.71**

Particulars	Gross carrying amount (at cost)				Amortization				Net carrying amount
	As at April 1, 2020	Additions	Disposals	As at March 31, 2021	As at April 1, 2020	For the year	Disposals	As at March 31, 2021	As at March 31, 2021
Computer software	5.67	2.45	-	8.12	4.20	2.02	-	6.22	1.90
Total	**5.67**	**2.45**	**-**	**8.12**	**4.20**	**2.02**	**-**	**6.22**	**1.90**

Particulars	Gross carrying amount (at cost)				Amortization				Net carrying amount
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	For the year	Disposals	As at March 31, 2020	As at March 31, 2020
Computer software	4.19	1.48	-	5.67	2.46	1.74	-	4.20	1.47
Total	**4.19**	**1.48**	**-**	**5.67**	**2.46**	**1.74**	**-**	**4.20**	**1.47**

(Rs in millions unless otherwise stated)

	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
14 Other non-financial assets (at amortised cost)					
Unsecured, considered good					
Pre-paid expenses	15.70	14.80	22.18	16.88	13.92
Unamortised processing fees	-	-	-	-	0.51
Net defined benefit asset (refer note 39)				-	10.02
Share issue expenses (refer note A below)	29.27	4.07	27.99	-	-
Others	17.81	11.12	11.57	6.21	8.86
Total	**62.78**	**29.99**	**61.74**	**23.09**	**33.31**

Note A :Till period ended June 30, 2022, the Company has incurred share issue expenses of Rs 87.82 millions (June 30, 2021 : Rs 12.21 millions March 31, 2022 : Rs 83.96 millions, March 31, 2021 : -nil, March 31, 2020: -nil), in connection with proposed public offer of equity shares for various services received for Initial Public Offering (IPO). As per the Offer Agreement entered between the Company and the selling shareholders, the selling shareholders shall reimburse the share issue expenses in proportion to the respective shares offered for sale.

The Company will partly recover the expenses incurred in connection with the issue on completion of IPO and therefore, the amount of Rs. 58.55 millions (June 30, 2021 : Rs 8.14 millions March 31, 2022 : Rs 55.97 millions, March 31, 2021 : -nil, March 31, 2020: -nil), recoverable from the selling shareholders has been carried forward and disclosed under the head "Initial public offer expenses recoverable" (to the extent of not written off or adjusted) under Note 8B.

The Company's share of expenses shall be adjusted against securities premium to the extent permissible under Section 52 of the Act on successful completion of IPO and therefore, the amount of Rs. 29.27 millions related to the Company’s share has been carried forward and disclosed under this head (to the extent of not written off or adjusted) under Note 14

	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
15 Derivative financial instrument					
Derivatives not designated as hedges					
Currency and interest rate swap	78.42	38.22	77.11	-	-
Total	**78.42**	**38.22**	**77.11**	**-**	**-**

The Company enters into derivatives for risk management purposes. Derivatives (i.e., currency and interest rate swaps) held for risk management purposes include hedges that are economic hedges, but the Company has elected not to apply hedge accounting requirements.

The company has entered into currency and interest rate swaps to hedge foreign currency risks and interest rate risks, respectively, on external commercial borrowing (ECB) denominated in EURO as follows:-:

Currency Swap: The Company has a currency swap agreement whereby it has hedged the risk of changes in foreign exchange rates relating to the cash outflow arising on settlement of its ECB.
Interest rate Swap: The company has an interest rate swap agreement whereby the company receives a variable rate of interest of 6M EURIBOR + 4.30% and pays interest at a fixed rate. The swap is being used to hedge the exposure to changes in the variable interest rate.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts as of June 30, 2022 , June 30, 2021 and March 31, 2022 . The fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts were nil as on March 31, 2021 and March 31, 2020.

Currency and Interest rate derivatives:

Currency and Interest rate swaps	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Notional amounts	890.42	890.42	890.42	-	-
Fair Value -Assets	-				
Fair Value -Liabilities	78.42	38.22	77.11	-	-

The notional amounts indicate the value of transactions outstanding at the period/year end and are not indicative of either the market risk or credit risk.

16 Trade Payables (at amortised cost)	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
-Total outstanding dues of micro enterprises and small enterprises*	-	-	-	-	-
-Total outstanding dues of creditors other than micro enterprises and small enterprises	366.65	169.10	176.59	113.06	40.71
Total	**366.65**	**169.10**	**176.59**	**113.06**	**40.71**

* The Company does not have any outstanding dues and any interest payable for micro enterprises and small medium enterprises - refer Note 40

Trade payables ageing schedule as on June 30 2022**

As at June 30, 2022	**Outstanding for following periods from due date of payment**				
Particular	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) MSME	-	-	-	-	-
(ii) Others	366.23	0.16	0.06	0.20	366.65
(iii) Disputed dues – MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-
Total	**366.23**	**0.16**	**0.06**	**0.20**	**366.65**

As at June 30, 2021	**Outstanding for following periods from due date of payment**				
Particular	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) MSME	-	-	-	-	-
(ii) Others	168.87	0.10	-	0.13	169.10
(iii) Disputed dues – MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-
Total	**168.87**	**0.10**	**-**	**0.13**	**169.10**

(Rs in millions unless otherwise stated)

Trade payables ageing schedule as on March 31 2022**

As at March 31, 2022	Outstanding for following periods from due date of payment				
Particular	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) MSME	-	-	-	-	-
(ii) Others	176.36	0.12	0.07	0.04	176.59
(iii) Disputed dues – MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-
Total	**176.36**	**0.12**	**0.07**	**0.04**	**176.59**

Trade payables ageing schedule as on March 31 2021**	Outstanding for following periods from due date of payment				
Particular	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) MSME	-	-		-	-
(ii) Others	112.75	0.10	0.12	0.09	113.06
(iii) Disputed dues – MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-
Total	**112.75**	**0.10**	**0.12**	**0.09**	**113.06**

Trade payables ageing schedule as on March 31 2020**	Outstanding for following periods from due date of payment				
Particular	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) MSME	-	-	-	-	-
(ii) Others	40.33	0.25	0.13	-	40.71
(iii) Disputed dues – MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-
Total	**40.33**	**0.25**	**0.13**	**-**	**40.71**

** There are no unbilled dues outstanding as on reporting date.

17 Debt Securities (at amortised cost)

	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Non-convertible debentures (Secured by book debts)*	5,189.19	8,559.74	5,788.92	8,605.90	2,851.29
Non-convertible debentures (Unsecured)**	2,348.47	1,298.87	2,048.84	1,298.60	1,147.69
Total	**7,537.66**	**9,858.61**	**7,837.76**	**9,904.50**	**3,998.98**
Debt securities in India	7,537.66	9,858.61	7,837.76	9,904.50	3,998.98
Debt securities outside India	-	-	-	-	-
	7,537.66	**9,858.61**	**7,837.76**	**9,904.50**	**3,998.98**

*The secured borrowings are secured by hypothecation of book debts and margin money deposits and fixed deposits.
Information about the Company's exposure to credit and market risks are included in Note no. 47 and 49 respectively.
** includes as at June 30, 2022 Rs 349.32 millions(June 30, 2021 - Nil, March 31, 2022 - Nil March 31, 2021 - Nil, March 31, 2020 - Nil due to related party (refer note 44 for more details)

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(Rs in millions unless otherwise stated)

Terms of Debt securities

Terms of debentures	Number of debentures					Amount				
	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
Secured										
11.15% secured rated listed redeemable transferable non convertible debentures of face value of Rs. 10,00,000 each redeemable at par at the end of 71 months and 27 Calendar Days (Subject to exercise of put/call option at the end of 35 months and 26 Calendar Days) from the date of allotment i.e. 10 March, 2021	700	700	700	700	-	699.72	699.68	699.71	699.67	0.00
11.00% secured rated listed redeemable non convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 60 months (subject to exercise of put/call Option at the end of 36 months) from the date of allotment i.e.. 18 March 2021	500	500	500	500	-	499.74	499.69	499.73	499.68	0.00
10.70% secured rated unlisted redeemable non convertible debentures of face value of Rs. 10,00,000 each redeemable at par at the end of 72 months (Subject to exercise of put /call option at the end of 36 months) from the date of allotment i.e. 16 March 2018 [ROI revised from 12.94% effective from March 16, 2021]	315	315	315	315	315.00	315.00	315.00	315.00	315.00	314.70
10.70% Secured rated unlisted redeemable non convertible debentures of face value of Rs. 10,00,000 each redeemable at par at the end of 72 months (Subject to exercise of put /call option at the end of 36 months) from the date of allotment i.e. 16 March 2018 [ROI revised from 12.71% effective from March 16, 2021]	315	315	315	315	315.00	315.00	315.00	315.00	315.00	314.70
11.25% secured rated listed taxable redeemable non convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. December 23, 2020	500	500	500	500	-	499.77	499.63	499.73	499.60	-
11.50% secured rated, listed, senior taxable, transferable redeemable non-convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. July 29, 2020	200	200	200	200	-	198.70	197.64	198.42	197.39	-
11.25% secured rated listed redeemable non convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. June 30, 2020	200	200	200	200	-	199.52	199.09	199.40	198.99	-
11.90% secured, rated, listed, unsubordinated, transferable, redeemable, non convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. June 10, 2020	100	100	100	100	-	99.76	99.54	99.71	99.49	-
11.25% secured rated, listed, redeemable, Taxable, non-convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 32 months from the date of allotment i.e. July 31, 2020	250	250	250	250	-	249.61	249.18	249.50	249.09	-
10.50% secured rated listed senior taxable redeemable non convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. November 19, 2020	-	250	250	250	-	-	249.35	249.91	249.18	-
12.05% Secured rated listed redeemable non convertible debentures of face value of Rs. 10,00,000 each redeemable at par at the end of 72 months (Subject to exercise of put/call option at the end of 36 months) from the date of allotment i.e. June 02, 2016 [ROI revised from 14.15% effective from June 3, 2019]	-	526	526	526	526.00	-	524.95	525.76	524.70	523.80
10.40% secured rated listed senior taxable redeemable non convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. November 13, 2020	-	500	500	500	-	-	498.64	124.92	498.02	-
10.25% secured rated listed senior taxable redeemable non convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. November 13, 2020	-	350	350	350	-	-	348.58	349.80	348.19	-
9.75% secured rated listed senior taxable redeemable non convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. November 13, 2020	-	250	250	250	-	-	249.07	249.87	248.82	-
10.50% secured rated listed senior taxable redeemable non convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. November 13, 2020	-	500	500	500	-	-	499.08	499.87	498.83	-
10.50% secured rated, listed, senior taxable, transferable redeemable non-convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. August 12, 2020	-	250	-	250	-	-	249.10	-	248.75	-
10.50% secured rated, listed, senior taxable, transferable redeemable non-convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 18 months from the date of allotment i.e. August 12, 2020	-	250	-	250	-	-	249.65	-	249.52	-
11.53% Secured rated unlisted redeemable non convertible debentures of face value of Rs. 1,00,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. October 22, 2018	-	350	-	35	35.00	-	349.40	-	348.94	347.25
9.54% rated unlisted senior secured redeemable taxable, transferable non convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 48 months from the date of allotment i.e.. March 30, 2021	600	600	600	600	-	562.87	598.41	562.77	598.24	-
11.81% Secured rated unlisted redeemable non convertible debentures of face value of Rs. 1,00,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. September 27, 2018	-	25	-	25	25.00	-	249.93	-	249.86	249.60

(Rs in millions unless otherwise stated)

Terms of Debt securities

Terms of debentures	Number of debentures					Amount				
	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
11.86% Secured rated listed redeemable non convertible debentures of face value of Rs. 10,00,000 each redeemable at par at the end of 60 months (Subject to exercise of put/call option at the end of 36 months) from the date of allotment i.e. August 31, 2016 [ROI revised from 13.60% effective from August 31, 2019]	-	470	-	470	470	-	469.95	-	469.81	469.40
11.90% (rbi repo rate +credit spread) secured rated listed taxable transferable redeemable non convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e.June 19, 2020 [ROI revised from 11.40 effective from June 19, 2022]	300	250	300	250	-	99.89	199.64	149.83	249.55	-
15% Secured rated listed redeemable non convertible debentures of face value of INR 10,00,000 each redeemable at par at the end of 69 months (Subject to exercise of put option date at the end of 24 months and 48 months) from the date of allotment i.e. 03/31/2015 redeemable on maturity if option not exercised	1,450	-	-	-	100	1,449.60	-	-	-	99.91
13.15% GWT secured rated listed redeemable non convertible debentures of face value of INR 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. 07/07/2017	-	-	-	-	310		-	-	-	309.90
12.10% Secured listed redeemable non convertible debentures of face value of Rs. 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. 09/04/2017	-	-	-	-	200		-	-	-	33.32
12.30% Secured rated unlisted redeemable non convertible debentures of face value of Rs. 10,00,000 each redeemable at par at the end of 36 months from the date of allotment i.e. 03/15/2018	-	-	-	-	190		-	-	-	188.70
11.53% secured rated unlisted redeemable non convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 72 months (subject to exercise of put option at the end of 12 months and Put/call Option at the end of 36 months) from the date of allotment i.e. 02 November, 2020	-	-	-	750	-	-	-	-	749.54	-
11.53% secured rated unlisted redeemable non convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 72 months (subject to exercise of put option at the end of 12 months and Put/call Option at the end of 36 months) from the date of allotment i.e. November 2,2020		750	-	-	-	-	749.56	-	-	-
Unsecured			-	-	-			-	-	-
11.53% Unsecured rated unlisted redeemable non convertible debentures of Face value of Rs. 10,00,000 each redeemable at par at the end of 72 months (subject to exercise of put option at the end of 12 months and Put/call Option at the end of 36 months) from the date of allotment i.e. 02 November, 2020	750	-	750	-	-	749.62	-	749.60	-	-
11.91% Unsecured Rated Listed Redeemable Non Convertible Debenture of Face value of INR 10,00,000 each redeemable at par at the end of 72 Months (subject to exercise of Put/Call Option at the end of 36 months) from the Date of Allotment i.e. 15 September 2016 [ROI revised from 13.25% effective from September, 15 2019]	550	550	550	550	550	549.91	549.51	549.81	549.42	549.10
11.91% Unsecured rated listed redeemable non convertible debenture of face value of INR 10,00,000 each redeemable at par at the end of 72 months (subject to exercise of put/call Option at the end of 36 months) from the date of allotment i.e. Septembe 10, 2019	350	350	350	350	350	349.90	349.41	349.77	349.30	348.91
NIFTY 50 Index linked rated listed redeemable non convertible of face value of INR 10,00,000 each redeemable at par at the end of 42 months from the date of allotment i.e. March 06, 2018	-	250	-	250	250	-	249.96	-	249.90	249.69
11.96% unsecured rated listed unsubordinated transferable redeemable taxable, non convertible debentrues of INR 10,00,000 each redeemable at par at the end of 12 months from the date of allotment i.e. August 05, 2020	-	150	-	150	-	-	149.99	-	149.98	-
10.50% Rated, Listed, Unsecured, Unsubordinated, Redeemable, Transferable, Non-Convertible Debentures of face value of Rs. 10,00,000/- each redeemable at par at the end of 24 Months (Subject to exercise of put option at the end of 12 months) from the date of allotment i.e. December 21, 2021	450	-	450	-	-	349.73	-	399.65	-	-
11.05% Senior, unsecured rated unlisted transferable redeemable non convertible debentrues of INR 100,000 each redeemable at par at the end of 32 months and 12 days from the date of allotment i.e. April 19, 2022	3,500	-	-	-	-	349.32	-	-	-	-
Total						7,537.66	9,858.61	7,837.76	9,904.50	3,998.98

(Rs in millions unless otherwise stated)

		As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
18	**Borrowings - other than debt securities (at amortised cost)**					
	(a) Term loans					
	(i) from banks	43,001.16	25,739.11	40,337.54	26,856.90	19,127.76
	(ii) from other parties	6,311.08	2,727.29	5,769.54	2,619.30	2,644.79
	(b) Short term loans from banks	800.27	3,922.78	1,343.92	3,499.64	2,398.77
	(c) Short term loans from financial institutions	-	-	-	274.95	-
	(d) Borrowings under securitisation arrangement	-		-	-	400.26
	(e) External commercial borrowings	822.86	881.27	843.66	-	-
	Total	**50,935.37**	**33,270.45**	**48,294.66**	**33,250.79**	**24,571.58**
	Borrowings in India	50,112.51	32,389.18	47,451.00	33,250.79	24,571.58
	Borrowings outside India	822.86	881.27	843.66	-	-
	Total	**50,935.37**	**33,270.45**	**48,294.66**	**33,250.79**	**24,571.58**
	Secured*	50,935.37	33,270.45	48,294.66	33,250.79	24,571.58
	Unsecured				-	-
	Total	**50,935.37**	**33,270.45**	**48,294.66**	**33,250.79**	**24,571.58**

*The secured borrowings are secured by hypothecation of book debts and margin money deposits.

		As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
19	**Subordinated liabilities (at amortised cost)**					
	from banks	300.00	300.00	300.00	300.00	300.00
	from other than banks	1,326.66	797.46	1,325.67	867.21	866.29
	Total	**1,626.66**	**1,097.46**	**1,625.67**	**1,167.21**	**1,166.29**
	Subordinated liabilities in form of Non-convertible debentures*	1,326.66	797.46	1,325.67	797.21	796.29
	Subordinated liabilities in form of term loan	300.00	300.00	300.00	370.00	370.00
	Total	**1,626.66**	**1,097.46**	**1,625.67**	**1,167.21**	**1,166.29**
	Subordinated liabilities in India	1,626.66	1,097.46	1,625.67	1,167.21	1,166.29
	Subordinated liabilities outside India	-	-	-	-	-
	Total	**1,626.66**	**1,097.46**	**1,625.67**	**1,167.21**	**1,166.29**

* includes as at June 30, 2022 Rs 245.65 million(June 30, 2021 - Nil, March 31, 2022 - Rs. 250 million, March 31, 2021 - Nil, March 31, 2020 - Nil due to related party (refer note 44 for more details)

Terms of Subordinated liabilities in form of Non-convertible debentures	**Number of debentures**					**Amount**				
	June 30, 2022	**June 30, 2021**	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**	**June 30, 2022**	**June 30, 2021**	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**
13.85% unsecured, subordinated, rated, taxable, transferable, redeemable and non-convertible debentures of face value of INR 1,000,000 each redeemable at par at the end of 73 months from the date of allotment i.e. March 15, 2017	500	500	500	500	500	499.74	499.44	499.66	499.37	499.11
13.90% Unsecured, Subordinated Rated, Redeemable, Listed Non-convertible Debentures of face value of Rs. 10,00,000 each redeemable at par at the end of 66 months from the date of allotment i.e. March 31, 2018	300	300	300	300	300	298.82	298.02	298.61	297.84	297.18
12.11% Unsecured Subordinated, Tier II Rated, Unlisted Taxable Redeemable Non-Convertible Debenture of face value of Rs. 1,00,00,000 each redeemable at par at the end of 66 months from the date of allotmnet i.e. 31/Mar/2022	30		30	-	-	283.44	-	282.93	-	-
13.00% Unsecured, Rated, Redeemable, Transferable, Unlisted Subordinated Non-Convertible Debenture of face value of Rs. 10,00,000 each redeemable at par at the end of 63 months from the date of allotment i.e. March 31, 2022	250		250	-	-	244.66	-	244.47	-	-
						1,326.67	**797.46**	**1,325.67**	**797.21**	**796.29**

Note :Company has not defaulted in repayment of borrowing /interest during the period ended June 30, 2022, June 30, 2021 and year ended March 31, 2022, March 31, 2021 and March 31, 2020 with respect to Debt Securities (Note 17) borrowings (other than debt securities) (Note 18) and subordinated liabilities (Note 19)

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Fusion Micro Finance Limited (formerly known as Fusion Micro Finance Private Limited)
Notes to Restated Ind AS financial information

(Rs in millions unless otherwise stated)

17A, 18A and 19A Terms of Principal repayment of Debt securities/Borrowings/Subordinated liabilities as on June 30, 2022

Original Maturity of loan	Interest rate	Due Within 1 Year No. of Installments	Amount	Due Between 1 to 2 Year No. of Installments	Amount	Due Between 2 to 3 Year No. of Installments	Amount	Due Between 3 to 4 Year No. of Installments	Amount	Due Between 4 to 5 Year No. of Installments	Amount	Due Between 5 to 6 Year No. of Installments	Amount	Total
Borrowings (other than debt securities)														
Monthly														
	7.51% - 8.00%	12	181.03	7	90.59	-	-	-	-	-	-	-	-	271.62
	8.01% - 8.50%	12	837.15	6	227.95	-	-	-	-	-	-	-	-	1,065.10
	8.51% - 9.00%	12	6,044.89	12	4,200.48	9	492.63	-	-	-	-	-	-	10,738.00
	9.01% - 9.50%	12	7,319.00	12	4,411.88	6	455.54	-	-	-	-	-	-	12,186.42
Upto 3 Years	9.51% - 10.00%	12	3,050.99	12	607.44	8	180.86	-	-	-	-	-	-	3,839.29
	10.01% - 10.50%	12	3,127.49	12	1,275.46	-	-	-	-	-	-	-	-	4,402.95
	10.51% - 11.00%	12	1,060.83	12	250.00	-	-	-	-	-	-	-	-	1,310.83
	11.01% - 11.50%	10	442.08	-	-	-	-	-	-	-	-	-	-	442.08
	11.51% - 12.00%	12	216.67	-	-	-	-	-	-	-	-	-	-	216.67
Above 3 Years	10.01% - 10.50%	12	500.13	12	374.07	5	138.89	-	-	-	-	-	-	1,013.09
	12.51% - 13.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarterly														
	08.01% - 08.50%	4	100.00	4	100.00	2	50.00	-	-	-	-	-	-	250.00
	8.51% - 9.00%	11	791.50	10	763.24	8	456.17	-	-	-	-	-	-	2,010.91
	9.01% - 9.50%	12	1,954.05	12	1,440.81	2	65.13	-	-	-	-	-	-	3,459.99
Upto 3 Years	9.51% - 10.00%	8	401.21	8	196.67	2	58.33	-	-	-	-	-	-	656.21
	10.01% - 10.50%	8	213.85	-	-	-	-	-	-	-	-	-	-	213.85
	10.51% - 11.00%	8	273.27	4	123.49	-	-	-	-	-	-	-	-	396.76
	11.01% - 11.50%	2	42.50	-	-	-	-	-	-	-	-	-	-	42.50
	11.51% - 12.00%	2	122.59	-	-	-	-	-	-	-	-	-	-	122.59
Above 3 Years	9.01% - 9.50%	4	21.67	-	-	-	-	-	-	-	-	-	-	21.67
	9.51% - 10.00%	4	940.00	4	752.50	4	440.00	4	365.00	2	180.00	-	-	2,677.50
Half Yearly														-
														-
Upto 3 Years	07.01% - 07.50%	2	1,500.00	-	-	-	-	-	-	-	-	-	-	1,500.00
	9.51% - 10.00%	1	175.00	-	-	-	-	-	-	-	-	-	-	175.00
	10.51% - 11.00%	2	16.00	-	-	-	-	-	-	-	-	-	-	16.00
Above 3 Years	11.01% - 11.50%	2	475.00	2	80.00	2	80.00	1	20.00	-	-	-	-	655.00
	11.51% - 12.00%	2	60.00	2	60.00	-	-	-	-	-	-	-	-	120.00
Bullet Repayment														
Upto 3 Years	8.51% - 9.00%	1	625.00	-	-	-	-	-	-	-	-	-	-	625.00
	09.01% - 9.50%	4	900.00	4	900.00	-	-	-	-	-	-	-	-	1,800.00
Debt securities														
Bi-Monthly														
Above 3 Years	10.01% - 10.50%	-	-	1	60.00	5	390.00	-	-	-	-	-	-	450.00
Quarterly														-
Upto 3 Years	10.01% - 10.50%	2	350.00	-	-	-	-	-	-	-	-	-	-	350.00
Half Yearly														-
Upto 3 Years	10.01% - 10.50%	2	36.00	2	78.00									114.00
	11.51% - 12.00%	2	100.00	-	-	-	-	-	-	-	-	-	-	100.00
Above 3 Years	10.01% - 10.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Yearly														-
Upto 3 Years	11.01% - 11.50%	1	116.67	1	116.67	1	116.67	-	-	-	-	-	-	350.00
Bullet Repayment														-
														-
	10.51% - 11.00%			-	-	1	1,450.00	-	-	-	-	-	-	1,450.00
	11.01% - 11.50%	2	450.00	2	515.00	-	-	-	-	-	-	-	-	965.00
Upto 3 Years	11.51% - 12.00%	1	100.00	3	2,015.00	-	-	-	-	-	-	-	-	2,115.00
	12.01% - 12.50%			1	750.00	-	-	-	-	-	-	-	-	750.00
	12.51% - 13.00%	1	900.00	-	-	-	-	-	-	-	-	-	-	900.00
														-
ECB														
Bullet Repayment	11.01% - 11.50%	-	-	1	825.81	-	-	-	-	-	-	-	-	825.81
Sub-Debt														
Bullet Repayment														
	12.01% - 12.50%	-	-	-	-	-	-	-	-	-	-	1.00	300.00	300.00
Above 3 Years	12.51% - 13.00%	-	-	-	-	-	-	-	-	1	250.00	-	-	250.00
	13.51% - 14.00%	1	500.00	1	300.00	-	-	-	-	-	-	-	-	800.00
	14.01% - 14.50%	-	-	1	300.00	-	-	-	-	-	-	-	-	300.00
EIR Impact														(149.21)
	TOTAL	**207**	**33,944.55**	**148**	**20,815.05**	**55**	**4,374.21**	**5**	**385.00**	**3**	**430.00**	**1**	**300.00**	**60,099.69**

(Rs in millions unless otherwise stated)

17A, 18A and 19A Terms of Principal repayment of Debt securities/Borrowings/Subordinated liabilities as on June 30, 2021

Original Maturity of loan	Interest rate	Due Within 1 period No. of Instalments	Due Within 1 period Amount	Due Between 1 to 2 period No. of Instalments	Due Between 1 to 2 period Amount	Due Between 2 to 3 period No. of Instalments	Due Between 2 to 3 period Amount	Due Between 3 to 4 period No. of Instalments	Due Between 3 to 4 period Amount	Due Between 4 to 5 period No. of Instalments	Due Between 4 to 5 period Amount	Due Between 5 to 6 period No. of Instalments	Due Between 5 to 6 period Amount	Total
Borrowings (other than debt securities)														
Monthly														-
Upto 3 years	6.01% - 6.50%	12	230.79	-	-	-	-	-	-	-	-	-	-	230.79
	7.51% - 8.00%	12	1.00	12	1.00	9	0.74	-	-	-	-	-	-	2.74
	8.51% - 9.00%	12	175.00	7	102.08	-	-	-	-	-	-	-	-	277.08
	9.01% - 9.50%	12	1,634.74	12	640.18	-	-	-	-	-	-	-	-	2,274.92
	9.51% - 10.00%	12	4,441.63	12	3,008.12	-	-	-	-	-	-	-	-	7,449.74
	10.01% - 10.50%	12	1,696.61	12	985.41	-	-	-	-	-	-	-	-	2,682.02
	10.51% - 11.00%	12	3,166.99	12	1,253.61	1	12.50	-	-	-	-	-	-	4,433.10
	11.01% - 11.50%	12	1,458.26	10	446.17	-	-	-	-	-	-	-	-	1,904.43
	11.51% - 12.00%	12	352.81	4	66.67	-	-	-	-	-	-	-	-	419.48
	12.01% - 12.50%	4	16.67	-	-	-	-	-	-	-	-	-	-	16.67
Above 3 years	10.51% - 11.00%	12	162.93	12	181.79	2	32.33	-	-	-	-	-	-	377.05
	12.51% - 13.00%	8	266.67	-	-	-	-	-	-	-	-	-	-	266.67
Quarterly														
Upto 3 periods	9.51% - 10.00%	8	572.80	6	354.47	-	-	-	-	-	-	-	-	927.27
	10.01% - 10.50%	8	651.39	8	213.89	-	-	-	-	-	-	-	-	865.28
	10.51% - 11.00%	9	716.37	4	108.33	2	41.53	-	-	-	-	-	-	866.24
	11.01% - 11.50%	5	320.00	2	42.50	-	-	-	-	-	-	-	-	362.50
	11.51% - 12.00%	5	576.62	2	138.59	-	-	-	-	-	-	-	-	715.21
Above 3 years	9.51% - 10.00%	4	700.00	4	700.00	4	512.50	4	200.00	3	125.00	-	-	2,237.50
	10.01% - 10.50%	4	21.67	4	21.59	-	-	-	-	-	-	-	-	43.26
Half yearly														
Upto 3 years	6.51% - 7.00%	2	650.00	-	-	-	-	-	-	-	-	-	-	650.00
	9.51% - 10.00%	4	912.50	-	-	-	-	-	-	-	-	-	-	912.50
Above 3 years	10.51% - 11.00%	2	16.00	2	16.00	-	-	-	-	-	-	-	-	32.00
	11.01% - 11.50%	2	640.00	2	475.00	2	80.00	2	80.00	1	20.00	-	-	1,295.00
	11.51% - 12.00%	2	255.00	2	60.00	2	60.00	-	-	-	-	-	-	375.00
Bullet Repayment														
Upto 3 years	8.51% - 9.00%	4	2,325.00	-	-	-	-	-	-	-	-	-	-	2,325.00
	9.51% - 10.00%	1	500.00	-	-	-	-	-	-	-	-	-	-	500.00
ECB														
Bullet Repayment														
Upto 3 years	10.51% - 11.00%	-	-	-	-	1	885.06	-	-	-	-	-	-	885.06
Debt securities														
Bi-Monthly														
Above 3 years	10.01% - 10.50%	-	-	-	-	2	120.00	5	390.00	-	-	-	-	510.00
Quarterly														
Upto 3 years	10.01% - 10.50%	4	500.00	-	-	-	-	-	-	-	-	-	-	500.00
Half yearly														
Upto 3 years	11.01% - 11.50%	2	100.00	2	100.00	-	-	-	-	-	-	-	-	200.00
Above 3 years	10.01% - 10.50%	2	36.00	2	36.00	2	18.00	-	-	-	-	-	-	90.00
Bullet Repayment														
Upto 3 years	9.51% - 10.00%	1	250.00	-	-	-	-	-	-	-	-	-	-	250.00
	10.01% - 10.50%	2	1,600.00	-	-	-	-	-	-	-	-	-	-	1,600.00
	11.01% - 11.50%	-	-	2	450.00	1	200.00	-	-	-	-	-	-	650.00
	11.51% - 12.00%	1	150.00	1	100.00	1	500.00	-	-	-	-	-	-	750.00
	12.01% - 12.50%	2	600.00	-	-	-	-	-	-	-	-	-	-	600.00
Above 3 years	11.01% - 11.50%	-	-	-	-	1	315.00	-	-	-	-	-	-	315.00
	11.51% - 12.00%	-	-	-	-	1	315.00	-	-	1	500.00	1	700.00	1,515.00
	12.01% - 12.50%	-	-	-	-	-	-	-	-	-	-	1	750.00	750.00
	12.51% - 13.00%	2	996.00	-	-	-	-	-	-	1	900.00	-	-	1,896.00
	13.51% - 14.00%	1	250.00	-	-	-	-	-	-	-	-	-	-	250.00
Sub-Debt														
Monthly														
Bullet Repayment														
Above 3 years	13.51% - 14.00%	-	-	1	500.00	1	300.00	-	-	-	-	-	-	800.00
	14.01% - 14.50%	-	-	-	-	1	300.00	-	-	-	-	-	-	300.00
EIR Impact														-75.99
	TOTAL	**209**	**26,943.45**	**137**	**10,001.40**	**33**	**3,692.66**	**11**	**670.00**	**6**	**1,545.00**	**2**	**1,450.00**	**44,226.52**

(Rs in millions unless otherwise stated)

17A, 18A and 19A **Terms of Principal repayment of Debt securities/Borrowings(other than debt securities)/Subordinated liabilities as on March 31, 2022**

Original Maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total
		No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	
Borrowings (other than debt securities)														
Monthly														
Upto 3 Years	6.01% - 6.50%	3	57.48	-	-	-	-	-	-	-	-	-	-	57.48
	7.51% - 8.00%	12	180.00	9	135.00	-	-	-	-	-	-	-	-	315.00
	8.01% - 8.50%	12	880.90	9	411.69	-	-	-	-	-	-	-	-	1,292.59
	8.51% - 9.00%	12	6,271.41	12	5,280.32	11	1,441.49	-	-	-	-	-	-	12,993.22
	9.01% - 9.50%	12	5,203.40	12	3,008.69	1	49.96	-	-	-	-	-	-	8,262.05
	9.51% - 10.00%	12	2,837.20	12	536.69	11	118.39	-	-	-	-	-	-	3,492.29
	10.01% - 10.50%	12	3,070.33	12	972.84	3	54.55	-	-	-	-	-	-	4,097.72
	10.51% - 11.00%	12	2,026.90	3	82.95	-	-	-	-	-	-	-	-	2,109.85
	11.01% - 11.50%	12	655.42	1	11.67	-	-	-	-	-	-	-	-	667.08
	11.51% - 12.00%	7	116.67			-	-	-	-	-	-	-	-	116.67
Above 3 Years	10.01% - 10.50%	12	510.22	12	411.23	8	222.22	-	-	-	-	-	-	1,143.67
	12.51% - 13.00%			-	-	-	-	-	-	-	-	-	-	-
Quarterly														
Upto 3 Years	08.01% - 08.50%	3	75.00	4	100.00	3	75.00	-	-	-	-	-	-	250.00
	8.51% - 9.00%	12	555.00	11	494.99	4	99.81	-	-	-	-	-	-	1,149.80
	9.01% - 9.50%	12	1,721.94	11	1,321.92	1	22.22	-	-	-	-	-	-	3,066.09
	9.51% - 10.00%	12	588.14	7	240.42	3	87.50	-	-	-	-	-	-	916.06
	10.01% - 10.50%	8	213.89	2	53.43	-	-	-	-	-	-	-	-	267.32
	10.51% - 11.00%	4	133.29	3	62.01	-	-	-	-	-	-	-	-	195.30
	11.01% - 11.50%	3	63.75	-	-	-	-	-	-	-	-	-	-	63.75
	11.51% - 12.00%	4	198.44	-	-	-	-	-	-	-	-	-	-	198.44
Above 3 Years	9.01% - 9.50%	4	21.66	1	5.40	-	-	-	-	-	-	-	-	27.06
	9.51% - 10.00%	4	940.00	4	877.50	4	440.00	4	415.00	3	240.00	-	-	2,912.50
Half Yearly														
Upto 3 Years	07.01% - 07.50%	2	1,500.00	-	-	-	-	-	-	-	-	-	-	1,500.00
	9.51% - 10.00%	2	268.75	-	-	-	-	-	-	-	-	-	-	268.75
	10.51% - 11.00%	1	325.00	-	-	-	-	-	-	-	-	-	-	325.00
Above 3 Years	10.51% - 11.00%	2	16.00	-	-	-	-	-	-	-	-	-	-	16.00
	11.01% - 11.50%	2	475.00	2	80.00	2	80.00	1	20.00	-	-	-	-	655.00
	11.51% - 12.00%	2	60.00	2	60.00	-	-	-	-	-	-	-	-	120.00
Bullet Repayment														
Upto 3 Years	8.51% - 9.00%	2	1,075.00	-	-	-	-	-	-	-	-	-	-	1,075.00
Debt securities														
Bi-Monthly														
Above 3 Years	10.01% - 10.50%	-	-	-	-	6	450.00			-	-	-	-	450.00
Quarterly														
Upto 3 Years	10.01% - 10.50%	4	525.00	-	-	-	-	-	-	-	-	-	-	525.00
Half Yearly														
Upto 3 Years	11.01% - 11.50%	2	100.00	1	50.00	-	-	-	-	-	-	-	-	150.00
Above 3 Years	10.01% - 10.50%	2	36.00	2	78.00	-	-	-	-	-	-	-	-	114.00
Bullet Repayment														
Upto 3 Years	9.51% - 10.00%	1	250.00	-	-	-	-	-	-	-	-	-	-	250.00
	10.01% - 10.50%	1	1,100.00	-	-	-	-	-	-	-	-	-	-	1,100.00
	10.51% - 11.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
	11.01% - 11.50%	-	-	3	650.00	-	-	-	-	-	-	-	-	650.00
	11.51% - 12.00%	-	-	3	1,800.00			-	-	-	-	-	-	1,800.00
	12.01% - 12.50%	-	-	1	750.00	-	-	-	-	-	-	-	-	750.00
	12.51% - 13.00%	1	350.00	-	-	-	-	-	-	-	-	-	-	350.00
Above 3 Years	11.01% - 11.50%	-	-	1	315.00	-	-	-	-	-	-	-	-	315.00
	11.51% - 12.00%	-	-	1	315.00	-	-	-	-	-	-	-	-	315.00
	12.51% - 13.00%	2	1,076.00	-	-	-	-	-	-	-	-	-	-	1,076.00
Vehicle														-
Upto 3 Years	7.51% - 8.00%	12	1.03	10	0.85									1.88
ECB														
Bullet Repayment	10.51% - 11.00%	-	-	-	-	1	846.60	-	-	-	-	-	-	846.60
Subordinated liabilities														
Bullet Repayment														
Above 3 Years	12.01% - 12.50%	-	-	-	-	-	-	-	-	-	-	1.00	300.00	300.00
	12.51% - 13.00%									-	-	1.00	250.00	250.00
	13.51% - 14.00%	1	500.00	1	300.00	-	-	-	-	-	-	-	-	800.00
	14.01% - 14.50%	-	-	1	300.00			-	-	-	-	-	-	300.00
EIR Impact														(139.06)
	TOTAL	**223**	**33,978.80**	**153**	**18,705.61**	**58**	**3,987.75**	**5**	**435.00**	**3**	**240.00**	**2.00**	**550.00**	**57,758.09**

(Rs in millions unless otherwise stated)

17A, 18A and 19A Terms of Principal repayment of Debt securities/Borrowings (other than debt securities)/Subordinated liabilities as on March 31, 2021

Original Maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total
		No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	
Borrowings (other than debt securities)														
Monthly														
Upto 3 Years	6.01% - 6.50%	12	380.88	3	57.48	-	-	-	-	-	-	-	-	438.36
	6.51% - 7.00%	1	125.00	-	-	-	-	-	-	-	-	-	-	125.00
	7.51% - 8.00%	12	1.00	12	1.00	12	1.00	-	-	-	-	-	-	3.00
	8.51% - 9.00%	12	219.44	10	145.83	-	-	-	-	-	-	-	-	365.28
	9.01% - 9.50%	12	846.43	12	470.24	-	-	-	-	-	-	-	-	1,316.67
	9.51% - 10.00%	12	3,045.43	12	2,542.45	3	93.75	-	-	-	-	-	-	5,681.63
	10.01% - 10.50%	12	1,675.36	12	1,117.14	1	13.79	-	-	-	-	-	-	2,806.29
	10.51% - 11.00%	12	3,192.12	12	1,747.11	-	-	-	-	-	-	-	-	4,939.24
	11.01% - 11.50%	12	2,110.09	12	671.78	1	11.67	-	-	-	-	-	-	2,793.53
	11.51% - 12.00%	12	410.21	7	116.67	-	-	-	-	-	-	-	-	526.88
	12.01% - 12.50%	7	57.15	-	-	-	-	-	-	-	-	-	-	57.15
Above 3 Years	10.51% - 11.00%	12	158.59	12	176.95	5	79.63	-	-	-	-	-	-	415.17
	12.51% - 13.00%	11	366.67	-	-	-	-	-	-	-	-	-	-	366.67
Quarterly														
Upto 3 Years	9.51% - 10.00%	8	500.00	8	425.00	-	-	-	-	-	-	-	-	925.00
	10.01% - 10.50%	8	932.64	8	276.39	2	53.47	-	-	-	-	-	-	1,262.50
	10.51% - 11.00%	10	1,024.70	8	239.68	3	62.43	-	-	-	-	-	-	1,326.82
	11.01% - 11.50%	6	492.50	3	63.75	-	-	-	-	-	-	-	-	556.25
	11.51% - 12.00%	5	733.12	3	214.77	-	-	-	-	-	-	-	-	947.89
Above 3 Years	9.51% - 10.00%	4	700.00	4	700.00	4	637.50	4	200.00	4	175.00	-	-	2,412.50
	10.01% - 10.50%	4	21.67	4	21.66	1	5.42	-	-	-	-	-	-	48.75
	12.01% - 12.50%	1	16.67	-	-	-	-	-	-	-	-	-	-	16.67
Half Yearly														
Upto 3 Years	6.51% - 7.00%	2	650.00	1	325.00	-	-	-	-	-	-	-	-	975.00
	9.51% - 10.00%	2	725.00	-	-	-	-	-	-	-	-	-	-	725.00
Above 3 Years	10.51% - 11.00%	2	16.00	2	16.00	-	-	-	-	-	-	-	-	32.00
	11.01% - 11.50%	2	640.00	2	475.00	2	80.00	2	80.00	1	20.00	-	-	1,295.00
	11.51% - 12.00%	2	255.00	2	60.00	2	60.00	-	-	-	-	-	-	375.00
Bullet Repayment														
Upto 3 Years	8.51% - 9.00%	3	1,875.00	-	-	-	-	-	-	-	-	-	-	1,875.00
	9.51% - 10.00%	1	500.00	-	-	-	-	-	-	-	-	-	-	500.00
	10.01% - 10.50%	1	200.00	-	-	-	-	-	-	-	-	-	-	200.00
Debt securities														
Bi-Monthly														
Above 3 Years	10.01% - 10.50%	-	-	-	-	-	-	6	450.00	-	-	-	-	450.00
Quarterly														
Upto 3 Years	10.01% - 10.50%	3	375.00	1	125.00	-	-	-	-	-	-	-	-	500.00
Half Yearly														
Upto 3 Years	11.01% - 11.50%	2	100.00	2	100.00	1	50.00	-	-	-	-	-	-	250.00
Above 3 Years	10.01% - 10.50%	2	36.00	2	36.00	2	78.00			-	-	-	-	150.00
Bullet Repayment														
Upto 3 Years	9.51% - 10.00%	-	-	1	250.00	-	-	-	-	-	-	-	-	250.00
	10.01% - 10.50%	1	500.00	1	1,100.00	-	-	-	-	-	-	-	-	1,600.00
	11.01% - 11.50%	-	-	-	-	3	650.00	-	-	-	-	-	-	650.00
	11.51% - 12.00%	1	150.00	-	-	2	600.00	-	-	-	-	-	-	750.00
	12.01% - 12.50%	2	600.00	-	-	-	-	-	-	-	-	-	-	600.00
Above 3 Years	11.01% - 11.50%	-	-	-	-	1	315.00	-	-	-	-	-	-	315.00
	11.51% - 12.00%	-	-	-	-	1	315.00	-	-	1	500.00	1	700.00	1,515.00
	12.01% - 12.50%	-	-	-	-	-	-	-	-	-	-	1	750.00	750.00
	12.51% - 13.00%	1	470.00	1	526.00	-	-	-	-	1	900.00	-	-	1,896.00
	13.51% - 14.00%	1	250.00	-	-	-	-	-	-	-	-	-	-	250.00
Subordinated liabilities														
Bullet Repayment														
Above 3 Years	13.51% - 14.00%	-	-	1	500.00	1	300.00	-	-	-	-	-	-	800.00
	14.01% - 14.50%	-	-	-	-	1	300.00	-	-	-	-	-	-	300.00
	15.01% - 15.50%	1	70.00	-	-	-	-	-	-	-	-	-	-	70.00
EIR Impact														(81.72)
	TOTAL	**214**	**24,421.66**	**158**	**12,500.90**	**48**	**3,706.67**	**12**	**730.00**	**7**	**1,595.00**	**2**	**1,450.00**	**44,322.50**

17A, 18A and 19A **Terms of Principal repayment of Debt securities/Borrowings(other than debt securities)/Subordinated liabilities as on March 31, 2020** (Rs in millions unless otherwise stated)

Original maturity of loan	Interest rate	Due Within 1 Year		Due Between 1 to 2 Year		Due Between 2 to 3 Year		Due Between 3 to 4 Year		Due Between 4 to 5 Year		Due Between 5 to 6 Year		Total
		No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	
Borrowings (other than debt securities)														
Monthly														
Upto 3 Years	6.01% - 6.50%	11	211.64	12	230.88	3	57.39	-	-	-	-	-	-	499.91
	9.51% - 10.00%	12	811.66	11	149.21	-	-	-	-	-	-	-	-	960.87
	10.01% - 10.50%	12	931.04	12	825.81	5	37.50	-	-	-	-	-	-	1,794.35
	10.51% - 11.00%	12	1,220.33	12	756.84	9	146.78	-	-	-	-	-	-	2,123.95
	11.01% - 11.50%	12	2,609.74	12	1,263.33	-	-	-	-	-	-	-	-	3,873.07
	11.51% - 12.00%	12	516.80	12	374.76	7	116.67	-	-	-	-	-	-	1,008.23
	12.01% - 12.50%	12	811.05	6	52.98	-	-	-	-	-	-	-	-	864.03
	12.51% - 13.00%	6	106.25	-	-	-	-	-	-	-	-	-	-	106.25
Above 3 year	10.51% - 11.00%	10	122.81	12	162.93	12	181.79	2	32.47	-	-	-	-	500.00
	12.51% - 13.00%	10	333.33	12	400.00	1	33.33	-	-	-	-	-	-	766.66
Quarterly														
1 -3 year	10.01% - 10.50%	7	1,075.00	-	-	-	-	-	-	-	-	-	-	1,075.00
	10.51% - 11.00%	11	1,513.71	10	980.66	4	72.60	-	-	-	-	-	-	2,566.97
	11.01% - 11.50%	11	1,483.93	3	187.50	-	-	-	-	-	-	-	-	1,671.43
	11.51% - 12.00%	8	1,268.83	6	697.40	2	27.27	-	-	-	-	-	-	1,993.50
	12.01% - 12.50%	2	27.21	-	-	-	-	-	-	-	-	-	-	27.21
	12.51% - 13.00%	3	187.50	1	62.50	-	-	-	-	-	-	-	-	250.00
Above 3 year	10.01% - 10.50%	3	16.25	4	21.67	4	21.67	1	5.42	-	-	-	-	65.01
	12.01% - 12.50%	4	66.67	1	16.67	-	-	-	-	-	-	-	-	83.34
	13.01% - 13.50%	1	20.00	-	-	-	-	-	-	-	-	-	-	20.00
Half-yearly														
Above 3 year	10.51% - 11.00%	2	68.00	2	16.00	2	16.00	-	-	-	-	-	-	100.00
	11.01% - 11.50%	2	640.00	2	640.00	2	475.00	2	80.00	2	80.00	1	20.00	1,935.00
	11.51% - 12.00%	2	450.00	2	255.00	2	60.00	2	60.00	-	-	-	-	825.00
Bullet repayment														
1 -3 Year	10.01% - 10.50%	3	1,325.00	1	200.00	-	-	-	-	-	-	-	-	1,525.00
Debt securities														
Half-yearly														
1 -3 Year	12.01% - 12.50%	1	33.33	-	-	-	-	-	-	-	-	-	-	33.33
Bullet repayment														
1 -3 Year	12.01% - 12.50%	1	190.00	2	600.00	-	-	-	-	-	-	-	-	790.00
	13.01% - 13.50%	1	310.00	-	-	-	-	-	-	-	-	-	-	310.00
Above 3 Year	12.51% - 13.00%	-	-	1	470.00	1	526.00	1	630.00	-	-	1	900.00	2,526.00
	13.01% - 13.50%	-	-	1	250.00	-	-	-	-	-	-	-	-	250.00
	14.51% - 15.00%	1	100.00	-	-	-	-	-	-	-	-	-	-	100.00
Subordinated liabilities														
Bullet repayment														
Above 3 year	13.51% - 14.00%	-	-	-	-	1	500.00	1	300.00	-	-	-	-	800.00
	14.01% - 14.50%	-	-	-	-	-	-	1	300.00	-	-	-	-	300.00
	15.01% - 15.50%	1	70.00	-	-	-	-	-	-	-	-	-	-	70.00
EIR impact														(77.27)
Total		**173**	**16,520.08**	**137**	**8,614.14**	**55**	**2,272.00**	**10**	**1,407.89**	**2**	**80.00**	**2**	**920.00**	**29,736.85**

(Rs in millions unless otherwise stated)

		As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
20	**Other financial liabilities (at amortised cost)**					
	Payable towards assigned/securitized portfolio	613.51	94.32	603.58	177.46	179.91
	Interest accrued but not due on borrowings	265.19	484.23	256.85	373.39	224.69
	Salaries and bonus payable	151.43	115.61	197.80	159.68	99.70
	Lease liabilities (refer note 53)	93.66	83.56	81.82	84.63	-
	Other payable	151.97	355.49	194.27	470.82	8.98
	Total	**1,275.76**	**1,133.21**	**1,334.32**	**1,265.98**	**513.28**
21	**Current tax liabilities (net)**					
	Provision for tax (net)	0.68	3.28	1.04	53.98	0.53
	Total	**0.68**	**3.28**	**1.04**	**53.98**	**0.53**
22	**Provisions**					
	Provision for gratuity (refer note 39)	4.31	14.20	3.53	5.17	-
	Provision for compensated absence (refer note 39)	50.32	45.61	46.52	37.34	25.16
	Provision on business correspondence portfolio	-	-	-	-	6.01
	Provision for other contingencies*	12.15	37.23	20.26	37.48	25.89
	Others	1.46	1.11	1.37	0.77	0.66
	Total	**68.24**	**98.15**	**71.68**	**80.76**	**57.72**
	*Provisions are for cash loss and related contingencies.					
23	**Other non-financial liabilities**					
	Statutory dues payable	96.22	61.35	104.48	77.18	59.72
	Others	2.04	2.32	2.00	2.32	2.24
	Total	**98.26**	**63.67**	**106.48**	**79.50**	**61.96**
24	**Share Capital**					
	Authorised share capital					
	Equity shares					
	June 30, 2022 : 105,000,000, (June 30, 2021: 105,000,000 March 31, 2022 : 105,000,000 March 31, 2021 : 90,000,000 and March 31, 2020 : 90,000,000) equity shares of Rs. 10 each	1,050.00	1,050.00	1,050.00	900.00	900.00
	Preference shares					
	June 30, 2022 : Nil, (June 30, 2021 : Nil, March 31, 2022 : Nil ,March 31, 2021 : 5,000,000 and March 31, 2020 : 5,000,000) preference shares of	-	-	-	50.00	50.00
		1,050.00	**1,050.00**	**1,050.00**	**950.00**	**950.00**
25	**A. Equity Share capital**					
	Issued, subscribed and paid-up					
	Equity shares					
	Fully paid up					
	June 30, 2022 : 84,326,388, (June 30, 2021 : 80,383,716, March 31, 2022 : 84,326,388 March 31, 2021 : 80,383,716 and March 31, 2020 : 80,383,716) equity shares of Rs. 10 each fully paid	843.26	803.84	843.26	803.84	803.84
	Partly paid up					
	June 30, 2022 : Nil, (June 30, 2021 : 39,42,672, March 31, 2022: Nil March 31, 2021 : 3,942,672 and March 31, 2020 : 3,942,672) equity shares of Rs. 10 each partly paid up @ Rs. 1	-	3.94	-	3.94	3.94
	Less: treasury shares	(15.42)	(17.12)	(15.66)	(17.41)	(18.28)
	Total	**827.84**	**790.66**	**827.60**	**790.37**	**789.50**

(Rs in millions unless otherwise stated)

a The reconciliation of the number of equity shares outstanding as at the beginning and the end of the reporting period/year is set out below :

Particulars	As at June 30, 2022		As at June 30, 2021		As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Equity shares										
At the commencement of the period/year										
Fully paid up	8,43,26,388	843.26	8,03,83,716	803.84	8,03,83,716	803.84	8,03,83,716	803.84	6,26,21,180	626.21
Partly paid up	-	-	39,42,672	3.94	39,42,672	3.94	39,42,672	3.94	30,99,408	3.10
Movement during the period/year										
Allotted to Fusion employee benefit trust	-	-	-	-	-	-	-	-	5,49,647	5.50
Conversion of partly paid up into fully paid up	-	-	-	-	39,42,672	39.42	-	-	-	-
Conversion of partly paid up into fully paid up	-	-	-	-	(39,42,672)	(3.94)	-	-	-	-
Issued during the period/year (fully paid up)	-	-	-	-	-	-	-	-	1,72,12,889	172.13
Issued during the period/year (partly paid up@ Rs. 1)	-	-	-	-	-	-	-	-	8,43,264	0.84
At the end of the period/ year (A)	**8,43,26,388**	**843.26**	**8,43,26,388**	**807.78**	**8,43,26,388**	**843.26**	**8,43,26,388**	**807.78**	**8,43,26,388**	**807.78**
Treasury shares										
At the commencement of the period/year	(15,65,985)	(15.66)	(17,40,626)	(17.41)	(17,40,626)	(17.41)	(18,27,536)	(18.28)	(13,53,559)	(13.54)
Issued for cash on exercise of share options	24,095	0.24	28,740	0.29	1,74,641	1.75	86,910	0.87	75,670	0.76
Allotted to Fusion employee benefit trust	-	-			-	-	-	-	(5,49,647)	(5.50)
At the end of the period/year (B)	**(15,41,890)**	**(15.42)**	**(17,11,886)**	**(17.12)**	**(15,65,985)**	**(15.66)**	**(17,40,626)**	**(17.41)**	**(18,27,536)**	**(18.28)**
At the end of the period/ year (A+B)	**8,27,84,498**	**827.84**	**8,26,14,502**	**790.66**	**8,27,60,403**	**827.60**	**8,25,85,762**	**790.37**	**8,24,98,852**	**789.50**

b Rights, preferences and restrictions attached to equity shares :

The Company has single class of equity shares having a par value of Rs. 10 per equity share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c Shares held by promoters at the end of the period/year

Promoter	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Devesh Sachdev					
Number of shares	55,53,414	55,53,414	55,53,414	55,53,414	55,53,414
% of Holding	6.59%	6.59%	6.59%	6.59%	6.59%
% Change during the period/year	0%	0%	0%	0%	-0.58%
Creation Investments Fusion, LLC, Chicago, U.S.A.*					
Number of shares	1,53,21,043	1,53,21,043	1,53,21,043	1,53,21,043	1,53,21,043
% of Holding	18.17%	18.17%	18.17%	18.17%	18.17%
% Change during the period/year	0%	0%	0%	0%	-5.14%
Creation Investments Fusion II, LLC, Chicago, U.S.A*					
Number of shares	99,54,529	99,54,529	99,54,529	99,54,529	99,54,529
% of Holding	11.80%	11.80%	11.80%	11.80%	11.80%
% Change during the period/year	0%	0%	0%	0%	3.99%
Honey Rose Investment Ltd, Mauritius*					
Number of shares	4,10,22,730	4,10,22,730	4,10,22,730	4,10,22,730	4,10,22,730
% of Holding	48.65%	48.65%	48.65%	48.65%	48.65%
% Change during the period/year	0%	0%	0%	0%	5.09%

* Promoter's since July 25, 2021

d Particulars of equity shareholder holding more than 5%

Name of the shareholder	June 30, 2022		June 30, 2021		March 31, 2022		March 31, 2021		March 31, 2020	
	Number of shares	% of Holding	Number of shares	% of Holding	Number of shares	% of Holding	Number of shares	% of Holding	Number of shares	% of Holding
Devesh Sachdev - Managing Director & Chief Executive Officer	55,53,414	6.59%	55,53,414	6.59%	55,53,414	6.59%	55,53,414	6.59%	55,53,414	6.59%
Oikocredit, Ecumenical Development Co-operative Society U.A., Netherlands	66,06,375	7.83%	66,06,375	7.83%	66,06,375	7.83%	66,06,375	7.83%	66,06,375	7.83%
Creation Investments Fusion, LLC, Chicago, U.S.A.	1,53,21,043	18.17%	1,53,21,043	18.17%	1,53,21,043	18.17%	1,53,21,043	18.17%	1,53,21,043	18.17%
Creation Investments Fusion II, LLC, Chicago, U.S.A	99,54,529	11.80%	99,54,529	11.80%	99,54,529	11.80%	99,54,529	11.80%	99,54,529	11.80%
Honey Rose Investment Ltd, Mauritius	4,10,22,730	48.65%	4,10,22,730	48.65%	4,10,22,730	48.65%	4,10,22,730	48.65%	4,10,22,730	48.65%
	7,84,58,091	**93.04%**	**7,84,58,091**	**93.04%**	**7,84,58,091**	**93.04%**	**7,84,58,091**	**93.04%**	**7,84,58,091**	**93.04%**

e Particulars of shares reserved for issue under employee stock options

Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
	1,352,454*	1,352,454*	1,352,454*	1,352,454*	1,352,454*

* With reference to the amendment agreement dated December 17, 2019 to the Shareholder's agreement dated September 10, 2018, the Company will institute an employee stock option plan, pursuant to which it will grant and allot 1,352,454 equity shares of the Company to certain identified employees.

f No share was allotted without payment being received in cash during the five-year period immediately preceding the period ended June 30, 2022, June 30, 2021 and year ended March 31, 2022, March 31, 2021 and March 31, 2020

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(Rs in millions unless otherwise stated)

	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
26 Other equity					
Statutory reserve					
Balance as at the beginning of the period/year	453.84	410.33	410.33	322.44	183.22
Add: Amount transferred from retained earnings	150.21	8.83	43.51	87.89	139.22
Balance as at the end of the period/year	**604.05**	**419.16**	**453.84**	**410.33**	**322.44**
Securities premium					
Balance as at the beginning of the period/year	10,708.77	10,091.67	10,091.67	10,087.57	5,180.76
Add: On issue of shares	-	-	606.02	-	4,907.04
Add: Transfer from stock option outstanding	2.50	1.46	11.08	4.10	2.83
Less : Amount utilised towards share issue expenses			-	-	(3.06)
Balance as at the end of the period/year	**10,711.27**	**10,093.13**	**10,708.77**	**10,091.67**	**10,087.57**
Treasury Shares #					
Balance as at the beginning of the period/year	(126.70)	(138.14)	(138.14)	(141.37)	(63.78)
Add: On issue of shares	-	-	-	-	(79.17)
Add: Exercise and lapse of share options	2.15	0.92	11.44	3.23	1.58
Balance as at the end of the period/year	**(124.55)**	**(137.22)**	**(126.70)**	**(138.14)**	**(141.37)**
Retained earnings					
Balance as at the beginning of the period/year	1,412.06	1,234.29	1,234.29	880.38	321.21
Add: Profit for the period/year	751.02	44.11	217.55	439.44	696.10
Add: Stock options lapsed	0.58	2.16	3.73	2.36	2.29
Less : Amount transferred to statutory reserve	(150.21)	(8.83)	(43.51)	(87.89)	(139.22)
Balance as at the end of the period/year	**2,013.45**	**1,271.73**	**1,412.06**	**1,234.29**	**880.38**
Employee stock option plan reserve					
Balance as at the beginning of the period/year	95.15	68.46	68.46	43.83	19.88
Add: Compensation for options granted	26.75	10.27	39.24	30.40	28.21
Less: Exercise & lapse of stock options	(1.76)	(3.38)	(8.82)	(5.77)	(4.26)
Less: Lapse of stock options	(0.58)	-	(3.73)	-	-
Balance as at the end of the period/year	**119.56**	**75.35**	**95.15**	**68.46**	**43.83**
Remeasurement of defined benefit plans ((gain)/loss)					
Balance as at the beginning of the period/year	8.79	6.57	6.57	6.54	1.48
Other comprehensive income for the period/year	4.24	(2.87)	2.22	0.03	5.06
Balance as at the end of the period/year	**13.03**	**3.70**	**8.79**	**6.57**	**6.54**
Total Other Equity	**13,336.81**	**11,725.85**	**12,551.91**	**11,673.18**	**11,199.39**

Nature and purpose of other reserve :

These treasury shares excludes amount adjusted from equity share capital.

Statutory reserve
The said reserve has been created under section 45-IC of Reserve Bank of India Act, 1934. As per the said section, every Non-banking financial company shall create a reserve fund and transfer a sum of not less than 20% of net profit every year before declaration of dividend.

Securities premium
Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Treasury Shares
Treasury shares represents shares held by ESOP trust. The Company treats ESOP trust as its extension and shares held by ESOP trust are treated as treasury shares. Treasury share amount excluding amount adjusted from equity share capital are recognized under this head. Exercise price received on equity share issued in excess of face value of share capital against share option exercised are adjusted from treasury shares..Any difference between the carrying amount and the consideration received on exercise of share options, is transferred to capital reserve.

Retained Earnings
Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to statutory reserve, dividends or other distributions paid to shareholders. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders, in case where it is having positive balance representing net earnings till date.

Employee stock option plan reserve
The said amount is used to recognise the grant date fair value of options issued to employees by the Company.

Remeasurement of defined benefit plans
Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:
(a) actuarial gains and losses
(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

(Rs in millions unless otherwise stated)

	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
27 Interest Income					
On financial asset measured at amortized cost					
Interest income on loan portfolio	3,278.56	2,480.12	10,566.31	8,059.97	6,499.72
Interest on deposits with banks	15.05	19.62	76.88	215.67	165.16
Total	**3,293.61**	**2,499.74**	**10,643.19**	**8,275.64**	**6,664.88**
28 Fees and commission income					
Facilitation fees	10.73	1.00	13.86	5.08	7.18
Income from business correspondence services	-	-	-	2.11	27.46
Total	**10.73**	**1.00**	**13.86**	**7.19**	**34.64**
29 Net gain on fair value changes					
- On trading portfolio					
Net gain on sale of mutual fund investment	47.00	94.68	247.65	167.45	231.57
-Others	-	-	-	-	-
Total	**47.00**	**94.68**	**247.65**	**167.45**	**231.57**
Fair value changes :					
- Realised	47.00	94.68	247.65	167.45	231.57
- Unrealised	-	-	-	-	-
Total	**47.00**	**94.68**	**247.65**	**167.45**	**231.57**
30 Net gain on derecognition of financial instruments under amortised cost category					
Gain on derecognition of financial instruments (refer note 46)	75.86	-	607.95	107.84	271.55
	75.86	**-**	**607.95**	**107.84**	**271.55**
31 Other income					
Market support income	132.39	46.31	426.87	145.39	74.10
Recovery of loan written off	42.08	7.62	69.74	18.04	24.76
Miscellaneous income	2.80	0.23	4.23	9.33	1.61
Total	**177.27**	**54.16**	**500.84**	**172.76**	**100.47**
32 Finance costs					
On financial liabilities measured at amortized cost					
Interest on debt securities	231.67	291.99	1,049.55	762.80	615.74
Interest on borrowings (other than debt securities)	1,162.01	869.16	3,712.85	2,817.54	2,594.82
Interest on subordinated liabilities	55.21	38.69	155.06	165.40	165.59
Interest on lease liability	2.49	1.51	8.88	5.30	-
Other finance costs			-	-	0.57
Other interest expense					
Net loss on fair value of derivative contracts measured at fair value through profit or loss	1.31	38.22	77.11	-	-
Net gain or loss on foreign currency transaction and translation on external commercial borrowing	(20.80)	(5.38)	(43.81)	-	-
Total	**1,431.89**	**1,234.19**	**4,959.64**	**3,751.04**	**3,376.72**
33 Impairment on financial instruments					
On financial assets measured at amortised cost					
Impairment on loan portfolio	200.24	688.94	3,684.92	2,196.71	913.66
Other financial assets	0.40	2.82	2.01	11.09	13.33
Total	**200.64**	**691.76**	**3,686.93**	**2,207.80**	**926.99**

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(Rs in millions unless otherwise stated)

	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
34 Employee benefit expenses					
Salaries, wages and bonus	642.14	450.98	2,063.86	1,497.18	1,304.55
Contribution to provident and other funds *	43.79	42.25	169.61	122.37	109.21
Share based compensation expense	26.75	10.27	39.24	30.40	28.21
Staff welfare expenses	9.64	10.16	57.95	36.45	41.36
Total	**722.32**	**513.66**	**2,330.66**	**1,686.40**	**1,483.33**

* Contribution to provident fund is net of June 30,2022 : Nil (June 30, 2021 - Rs. 0.91 million , March 31, 2022 - Rs. 1.71 million, March 31, 2021-Rs. 7.25 million and Rs. March 31, 2020 -Rs. 8.45 million) received under the scheme “Pradhan Mantri Rojgar Protsahan Yojana” .

	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
35 Other expenses					
Rent (refer note 53)	42.91	33.31	147.33	110.79	97.89
Travelling and conveyance	39.69	22.36	118.33	74.80	81.62
Legal and professional fees*	19.24	9.33	46.82	20.94	45.63
Rates and taxes	16.62	10.40	52.97	40.65	31.13
Office maintenance	56.30	36.35	184.20	128.09	123.85
Water and electricity	8.82	6.21	29.82	19.63	17.62
Staff recruitment and training	3.77	0.74	7.35	2.49	6.90
Insurance	7.59	3.57	23.92	12.26	8.97
Corporate social responsibility #	0.70	0.51	15.60	12.73	10.09
Business promotion	0.18	0.02	0.87	0.62	5.14
Lodging and boarding	7.85	2.25	23.99	10.18	21.56
Cash management services	12.78	3.91	48.85	13.60	3.26
Credit bureau expenses	3.04	2.55	11.85	7.18	7.69
Membership fees	1.55	0.04	6.34	4.70	6.02
Miscellaneous expenses	12.54	14.05	20.05	20.13	22.99
Total	**233.58**	**145.60**	**738.29**	**478.79**	**490.36**
***Includes payment to auditors**					
Audit fees	2.43	0.90	7.20	2.70	2.40
Certification and other services	-	-	0.50	0.30	0.55
Out of pocket expenses	-	-	0.06	0.05	0.05
	2.43	**0.90**	**7.76**	**3.05**	**3.00**
# Details of corporate social responsibility expenditure					
a) Gross amount required to be spent by the Company for respective financial period	9.96	15.60	15.60	8.22	2.63
b) Amount approved by the board to be spent during the period	15.50	15.60	15.60	12.73	12.00
c) Amount spent during the year :					
i) construction/acquisition of any asset					
ii) on purposes other than (i) above	0.70	0.51	15.60	12.73	10.09
(iii) (Shortfall) / Excess at the end of the year	-	-	-	-	-
(iv) Total of previous years shortfall	-	-	-	-	-
(v) Details of related party transactions	-	-	-	-	-

As statutory required, the Company evaluates any shortfall at end of respective financial year, there was no shortfall for financial year 2021-22, 2020-21, 2019-20 at year ended March 31, 2022 at year ended March 31, 2021 at year ended March 2020 and Company will be able to spent the entire amount as required for financial year 2022-23 by March 31 2023.

For the period ended June 30, 2022 and June 30, 2021 and year ended March 31, 2022, March 31, 2021 and March 31, 2020, the Company has spent in below project as per schedule VII of the Companies Act, 2013.

	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Nature of CSR activities carried out -					
a) abolishing poverty, malnourishment and hunger, improvising health care which includes preventive health care and sanitation and making available safe drinking water.	0.31	-	4.84	2.46	2.77
b) improvement in education which includes special education and employment strengthening vocation skills among children, women, elderly and the differently-abled and livelihood enhancement projects.	0.39	-	3.32	1.23	4.53
c) Safeguarding environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining a quality of soil, air and water which also includes a contribution for rejuvenation of river Ganga	-	-	1.17	0.10	0.11
d) Training to stimulate rural sports, nationally recognized sports, Paralympic sports and Olympic sports.	-	-	1.00	0.80	1.04
e)Disaster management, including relief, rehabilitation and reconstruction activities.	-	0.51	5.27	8.14	1.64
	0.70	**0.51**	**15.60**	**12.73**	**10.09**

	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
36 Income tax					
a. Income tax expense in the restated statement of profit and loss consist of:					
Current income tax:					
Income tax	28.55	142.94	129.77	588.71	395.99
Deferred tax:					
Attributable to-					
Origination and reversal of temporary differences	221.72	(132.84)	(103.06)	(460.24)	(148.06)
Increase/reduction in tax rate	-	-	-	-	55.92
Income tax expense reported in the restated statement of profit or loss	**250.27**	**10.10**	**26.71**	**128.47**	**303.85**
Income tax recognised in restated other comprehensive income					
Deferred tax arising on remeasurement gains on defined benefit plan	1.43	(0.97)	0.74	0.01	1.40
Total income tax expense	**251.70**	**9.13**	**27.45**	**128.48**	**305.25**

Income tax recognised in restated other comprehensive income

(Rs in millions unless otherwise stated)

Particulars	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31,2022	For the year ended March 31,2021	For the year ended March 31, 2020
a) Remeasurements of the net defined benefit liability/asset					
Before tax	5.67	(3.84)	2.96	0.04	6.46
Tax expense	(1.43)	0.97	(0.74)	(0.01)	(1.40)
Net of tax	4.24	(2.87)	2.22	0.03	5.06

Note : The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act. 1961 as introduced by Taxation Laws (Amendment) Ordinance 2019

b. Reconciliation of total tax charge

The tax charge shown in the restated statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the period ended June 30, 2022, period ended June 30, 2021, year ended March 31, 2022 , year ended March 31, 2021 and year ended March 31, 2020 is, as follows:

Particulars	For the period ended June 30, 2022		For the period ended June 30, 2021		For the year ended March 31,2022		For the year ended March 31,2021		For the year ended March 31, 2020	
	Enacted tax rate	Amount	Enacted tax rate	Amount	Enacted tax rate	Amount	Enacted tax rate	Amount	Enacted tax rate	Amount
Restated accounting profit before tax	25.17%	1,001.29	25.17%	54.21	25.17%	244.26	25.17%	567.91	25.17%	999.95
Computed tax expense		252.01		13.64		61.48		142.93		251.67
Effect of:										
Non-deductible expenses	0.77%	7.71	5.00%	2.71	5.65%	13.80	1.91%	10.86	0.97%	9.66
Difference on account of change in tax rate (effect of deferred tax due to change in enacted tax rate)	-	-	-	-	-	-	0.00%	-	5.59%	55.92
Deduction under chapter VIA	-0.94%	(9.44)	-11.56%	(6.27)	-19.99%	(48.82)	-4.41%	(25.06)	-1.32%	(13.23)
Others			0.00%	(0.01)	0.10%	0.25	-0.05%	(0.26)	-0.02%	(0.17)
Effective tax rate/income tax expense reported in restate	**24.99%**	**250.27**	**18.61%**	**10.08**	**10.93%**	**26.71**	**22.62%**	**128.47**	**30.39%**	**303.85**

37 Earning per share	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended
a) Basic earning per share					
Profit for the period/year before Other comprehensive	751.02	44.11	217.55	439.44	696.10
Profit after tax for calculation of basic EPS and diluted	751.02	44.11	217.55	439.44	696.10
Weighted average number of equity shares outstanding during the period/year	82.76	79.05	81.50	78.97	66.48
b) Diluted earning per share					
Profit for the period/year before Other comprehensive	751.02	44.11	217.55	439.44	696.10
Weighted average number of equity shares outstanding during the period/year - basic	82.76	79.05	81.50	78.97	66.48
Add: Weighted average number of potential equity shares on account of employee stock options	0.85	0.92	0.92	1.01	0.94
Weighted average number of equity shares outstanding during the period/year - diluted	83.61	79.97	82.42	79.98	67.42
Earning per share					
Basic - par value of Rs.10 each	**9.07**	**0.56**	**2.67**	**5.56**	**10.47**
Diluted - par value of Rs.10 each	**8.98**	**0.55**	**2.64**	**5.49**	**10.32**
(Non Annualised for the period ended June 30, 2022 and June 30, 2021)					

38 Segment reporting

The Managing Director and Chief Executive Officer of the Company takes decision in respect of allocation of resources and assesses the performance basis the report/ information provided by functional heads and are thus considered to be Chief Operating Decision Maker (CODM).

The Company operates under the principal business segment viz. "micro financing activities ". The CODM views and monitors the operating results of its single business segment for the purpose of making decisions about resource allocation and performance assessment. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided other than those already provided in the Restated Ind AS statements. Presently, the Company's operations are predominantly confined in India. There are no individual customer contributing more than 10% of Company's total revenue. All non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets of the Company are located in India.

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(Rs in millions unless otherwise stated)

39 Employee benefit plan

The Company operates the following post-employment plans -

i. Defined contribution plan

The Company makes contribution, determined as a specified percentage of employees salaries, in respect of qualified employees towards provident fund and other funds which are defined contribution plans. The Company has no obligation other than this to make the specified contribution. The contribution is charged to the statement of profit and loss as they accrue.

Particulars	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Contribution to provident funds*	35.29	26.01	117.67	82.11	73.09
Contribution to employee state insurance	7.94	5.92	26.96	21.29	23.12
National pension scheme	0.37	0.31	1.31	0.75	-
Labour welfare fund	0.19	0.14	0.56	0.36	0.29
	43.79	**32.38**	**146.50**	**104.51**	**96.50**

* Contribution to provident fund is Nil the period ended June 30, 2022 (0.91 million-June 30, 2021, 1.71 million-March 31, 2022, Rs. 7.25 million-March 31, 2021 and Rs. 8.45 million-March 31, 2020) received under the scheme "Pradhan Mantri Rojgar Protsahan Yojana"

ii. Defined benefit plan

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service as per "The Payment of Gratuity Act, 1972 "as amended from time to time. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at June 30, 2022. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the projected unit credit method.

The following tables summarized the components of net benefit expenses recognized in the statement of profit and loss and the funded status and amounts recognized in the restated statement of assets and liabilities for the gratuity plan.

Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Present value of obligation	92.25	81.53	94.83	70.57	43.98
Fair value of plan assets	87.74	67.13	91.10	65.19	53.80
Net defined benefit liability/(asset) *	**4.51**	**14.40**	**3.73**	**5.38**	**(9.82)**

* The amount disclosed in note 20 for period/year ended June 30, 2022 and June 30, 2021, March 31, 2022, March 31, 2021, March 31, 2020 include Rs. 0.2 million, advanced to gratuity trust for bank account opening.

Amount recognized in the restated statement of profit and loss is as under:

Particulars	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	7.46	5.96	25.77	18.45	19.34
Net interest cost/(income) on the net defined benefit liability/(asset)	0.06	0.07	0.30	(0.55)	(0.17)
Expenses recognized in the restated statement of profit and loss	**7.52**	**6.03**	**26.07**	**17.90**	**19.17**

Amount recognized in the restated other comprehensive income:

Particulars	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Actuarial gain/(loss) recognized during the year	5.67	(3.84)	2.96	0.04	6.46
	5.67	**(3.84)**	**2.96**	**0.04**	**6.46**

(a) Funding

The scheme is fully funded with Kotak Gratuity Group Plan. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. Employees do not contribute to the plan.

Expected contribution to gratuity plan for the year ending March 31,2023 is Rs. 35.74 million.

(b) Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Defined benefit obligation	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the period/year	94.83	70.57	70.57	43.98	31.47
Included in restated profit or loss					
Current service cost	7.46	5.96	25.77	18.45	19.34
Interest cost	1.41	0.97	3.98	2.44	2.44
Total	**8.87**	**6.93**	**29.75**	**20.89**	**21.78**
Included in restated other comprehensive income					
Remeasurements loss (gain)					
– Actuarial loss/(gain) arising from:					
- demographic assumptions	-	-	-	(2.93)	(22.50)
- financial assumptions	(6.03)	-	(2.35)	7.71	15.02
- experience adjustment	(4.33)	4.88	0.37	1.96	(0.46)
Total	**(10.36)**	**4.88**	**(1.98)**	**6.74**	**(7.94)**
Other					
Benefits paid	(1.09)	(0.85)	(3.51)	(1.04)	(1.33)
Total	**(1.09)**	**(0.85)**	**(3.51)**	**(1.04)**	**(1.33)**
Balance at the end of the period/year	**92.25**	**81.53**	**94.83**	**70.57**	**43.98**
Fair value of plan assets					
Balance at the beginning of the period/year	91.10	65.19	65.19	53.80	33.67
Interest cost (income)	1.35	0.90	3.68	2.98	2.61
Total	**1.35**	**0.90**	**3.68**	**2.98**	**2.61**
Included in restated other comprehensive income					
- experience adjustment					
– Return on plan assets excluding interest income	(4.69)	1.04	0.98	6.78	(1.48)
Total	**(4.69)**	**1.04**	**0.98**	**6.78**	**(1.48)**
Contribution paid by the employer			21.35	1.63	19.00
Benefits paid	(0.02)	-	(0.10)	-	-
Total	**(0.02)**	**-**	**21.25**	**1.63**	**19.00**
Balance at the end of the period/year	**87.74**	**67.13**	**91.10**	**65.19**	**53.80**
Net defined benefit(asset)/ liability					
Balance at the beginning of the period/year	3.73	5.38	5.38	(9.82)	(2.20)
Included in restated profit or loss					
Current service cost	7.46	5.96	25.77	18.45	19.34
Interest cost (income)	0.06	0.07	0.30	(0.54)	(0.17)
Total	**7.52**	**6.03**	**26.07**	**17.91**	**19.17**
Included in restated other comprehensive income					
- demographic assumptions				(2.93)	(22.50)
- financial assumptions	(6.03)	-	(2.35)	7.71	15.02
- experience adjustment	(4.33)	4.88	0.37	1.96	(0.46)
– Return on plan assets excluding interest income	4.69	(1.04)	(0.98)	(6.78)	1.48
Total	**(5.67)**	**3.84**	**(2.96)**	**(0.04)**	**(6.46)**
Other					
Contribution paid by the employer			(21.35)	(1.63)	(19.00)
Benefits paid	(1.07)	(0.85)	(3.41)	(1.04)	(1.33)
Total	**(1.07)**	**(0.85)**	**(24.76)**	**(2.67)**	**(20.33)**
Balance at the end of the period/year	**4.50**	**14.40**	**3.73**	**5.38**	**(9.82)**

(Rs in millions unless otherwise stated)

(c) Major categories of plan assets (as percentage of total plan assets):

Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Investment with Kotak gratuity group plan	100%	100%	100%	100%	100%

On an annual basis, an asset-liability matching study is done by the Company whereby the Company contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

(d) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Discount rate	7.30%	5.65%	6.10%	5.65%	6.00%
Future long term salary growth	10.00%	10.00%	10.00%	10.00%	8.00%
Withdrawal rate:	22.00%	22.00%	22.00%	22.00%	20.00%
Retirement age (in year)	60.00	60.00	60.00	60.00	60.00
Expected rate of return on plan assets	6.10%	5.65%	6.10%	5.65%	6.00%
Mortality	100% of IALM 2012-14	100% of IALM 2012-14	100% of IALM 2012-14	100% of IALM 2012-14	100% of IALM 2012-14

(e) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

Particulars	As at June 30, 2022		As at June 30, 2021		As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	Impact on defined benefit		Impact on defined benefit		Impact on defined benefit		Impact on defined benefit		Impact on defined benefit	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1.00% movement)	87.73	97.24	77.18	86.34	89.95	100.21	66.77	74.76	41.44	46.79
Salary growth rate (1.00% movement)	97.13	87.74	86.09	77.31	99.96	90.07	74.55	66.88	46.73	41.44
Attrition rate (1.00% movement)	91.05	93.55	80.06	83.11	93.33	96.43	69.25	71.97	43.17	44.82
Mortality rate (10.00% movement)	92.26	92.27	81.52	81.54	94.82	94.84	70.56	70.58	43.97	43.97

(f) Expected maturity analysis of the defined benefit plans in future years

Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
1 year	13.84	10.33	13.15	8.51	4.47
Between 2-5 years	55.51	45.41	54.10	39.55	23.43
Between 6-10 years	41.78	34.18	39.96	29.81	19.67
Over 10 years	32.90	27.27	31.66	23.89	17.13
Total	**144.03**	**117.19**	**138.87**	**101.76**	**64.70**

As at June 30, 2022 and the weighted-average duration of the defined benefit obligation was 5 years (June 30, 2021-5years, March 31, 2022- 5 years, March 31, 2021-5 years, March 31, 2020 - 6 years)

(g) Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follows -

Interest rate risk : The plan exposes the Company to the risk of fall in interest rate. A fall in interest rate will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liablity

Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arisedue to non availabilty of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time

Salary increases : The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability.The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Investment risk : The present value of defined benefit plan liability is calculated using a discount rate which is determined by reference to the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligation.

Discount rate : Reduction in discount rate in subsequent valuations can increase the plan’s liability.
Mortality & disability : Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals : Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan’s liability.
Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

iii Compensated absences

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Amount recognised in the Statement of profit and loss for compensated absences is as under-

Particulars	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Amount recognised in restated statement of profit and loss	6.01	10.30	21.38	20.31	15.40
Amount recognized in the restated balance sheet:	**As at June 30, 2022**	**As at June 30, 2021**	**As at March 31, 2022**	**As at March 31, 2021**	**As at March 31, 2020**
Present value of obligation as at the end	50.32	45.61	46.52	37.34	25.16

(iv) The Code on Social Security, 2020 (‘Code’) relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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(Rs in millions unless otherwise stated)

40 Amount payable to micro small and medium enterprises

The Ministry of Micro Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the 'entrepreneurs memorandum number' as allotted after filling of the memorandum. Accordingly, the disclosure in respect of the amount payable to such enterprises as at June 30, 2022, June 30, 2021, March 31, 2022 , March 31, 2021 and March 31, 2020 has been made in the Restated Ind AS financial information (refer note :16) based on information received and available with the Company.

41 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR.

Particulars	As at June 30, 2022		As at June 30, 2021		As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months
Assets										
Cash and cash equivalents	6,738.13	-	12,151.46	-	10,113.72	-	12,154.20	-	5,396.67	-
Bank balances other than cash and cash equivalents	728.34	230.04	724.79	488.39	920.87	501.39	601.61	596.75	2,231.91	548.91
Trade receivables	57.46	0.53	2.88	-	43.42	-	27.93	-	31.39	-
Loans	40,620.46	25,888.51	28,519.04	14,717.32	36,339.32	22,842.62	27,218.83	16,388.47	19,737.98	13,691.75
Investments	-	-	-	-	-	-	-	-	5.00	-
Other financial assets	545.89	39.99	447.81	4.28	653.31	15.34	273.95	26.81	229.04	9.42
Non-financial assets										
Current tax assets (net)	-	395.35	-	83.41	-	353.61	-	119.58	-	119.09
Deferred tax assets (net)	-	644.43	-	899.09	-	867.56	-	765.28	-	305.02
Property, plant and equipment	-	120.67	-	102.00	-	122.04	-	102.74	-	58.98
Right of use asset	-	79.19	-	76.68	-	69.17	-	78.19	-	-
Intangible assets	-	0.57	-	1.52	-	0.71	-	1.90	-	1.47
Other non financial assets	62.40	0.38	29.62	0.37	61.20	0.54	22.77	0.32	33.22	0.09
Total Assets	**48,752.68**	**27,399.66**	**41,875.60**	**16,373.06**	**48,131.84**	**24,772.98**	**40,299.29**	**18,080.04**	**27,665.21**	**14,734.73**
Liabilities										
Financial liabilities										
Derivative financial instruments at fair value through profit or loss	16.46	61.96	16.44	21.78	29.70	47.41	-	-	-	-
Trade payables	366.65	-	169.10	-	176.59	-	113.06	-	40.71	-
Debt securities	1900.20	5637.46	4,470.49	5,388.12	3,234.82	4,602.94	2,467.29	7,437.21	1,257.03	2,741.95
Borrowings (other than debt securities)	31182.87	19752.50	22,282.18	10,988.27	29,867.97	18,426.69	21,725.21	11,525.58	15,766.01	8,805.57
Subordinated liabilities	499.74	1126.92	(0.00)	1,097.46	499.66	1,126.01	70.00	1,097.21	69.08	1,097.21
Other financial liabilities	1202.25	73.50	1,053.78	79.43	1,259.37	74.96	1,184.76	81.22	513.28	-
Non-financial liabilities										
Current tax liabilities (net)	0.68	-	3.28	-	1.04	-	53.98	-	0.53	-
Provisions	27.11	41.13	83.75	14.40	31.76	39.92	75.39	5.37	38.59	19.13
Other non-financial liabilities	98.26	-	63.67	-	106.48	-	79.50	-	61.96	-
Total Liabilities	**35294.22**	**26693.47**	**28,142.69**	**17,589.46**	**35,207.39**	**24,317.93**	**25,769.19**	**20,146.59**	**17,747.19**	**12,663.86**
Net Assets	**13,458.46**	**706.19**	**13,732.91**	**(1,216.40)**	**12,924.45**	**455.05**	**14,530.10**	**(2,066.55)**	**9,918.02**	**2,070.87**

42 Reconciliation of cash flows arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows :

Particulars	Debt securities	Borrowings (other than debt securities)	Subordinated liabilities	Total
April 1, 2019	**4,990.05**	**23,130.35**	**1,165.49**	**29,285.89**
Cash flows:				
Repayment	(1,346.34)	(17,800.02)	-	(19,146.36)
Proceeds	348.71	19,247.43	-	19,596.14
Non Cash:				
Amortisation of upfront fees	6.56	(6.18)	0.80	1.18
March 31, 2020	**3,998.98**	**24,571.58**	**1,166.29**	**29,736.85**
Cash flows:				-
Repayment	(660.53)	(20,036.34)	-	(20,696.87)
Proceeds	6,577.19	28,711.21	-	35,288.40
Non Cash:				-
Amortisation of upfront fees	(11.14)	4.34	0.92	(5.88)
March 31, 2021	**9,904.50**	**33,250.79**	**1,167.21**	**44,322.50**
Repayment	(2,531.01)	(25,905.28)	(70.00)	(28,506.29)
Proceeds	450.00	**41,043.00**	**550.00**	42,043.00
Non Cash:				
Amortisation of upfront fees	14.27	(50.04)	(21.54)	(57.31)
Exchange differences (net)	-	(43.81)		(43.81)
March 31, 2022	**7,837.76**	**48,294.66**	**1,625.67**	**57,758.09**
April 1, 2021	**9,904.50**	**33,250.79**	**1,167.21**	**44,322.50**
Repayment	(50.01)	(5,611.45)	(70.00)	**(5,731.46)**
Proceeds	-	5,627.92		**5,627.92**
Non Cash:				-
Amortisation of upfront fees	4.12	3.19	0.25	**7.56**
Exchange differences (net)		-		
June 30, 2021	**9,858.61**	**33,270.45**	**1,097.46**	**44,226.52**
April 1, 2022	**7,837.76**	**48,294.66**	**1,625.67**	**57,758.09**
Repayment	(2,101.00)	(8,166.48)	-	(10,267.48)
Proceeds				-
Non Cash:	1,800.00	10,840.00	-	12,640.00
Amortisation of upfront fees	0.90	(12.01)	0.99	(10.12)
Exchange differences (net)	-	(20.80)	-	(20.80)
June 30, 2022	**7,537.66**	**50,935.37**	**1,626.66**	**60,099.69**

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(Rs in millions unless otherwise stated)

43 Share based compensation

A. Description of share-based payment arrangements

i. Share option programme (equity settled)

The Company has granted stock options to certain employees of the Company under the 'Employee Stock Option Scheme 2014' (Scheme 2014) and 'Employee Stock Option Scheme 2016' (Scheme 2016). The key terms and conditions related to the grant of the stock options are as follows:

a) The Scheme 2014 and 2016 are effective from July 31, 2014 and January 16, 2017 respectively and are administered through a ESOP Trust (Fusion Employees Benefit Trust).

b) The scheme provides that, subject to continued employment with the Company, the employees are granted an option to acquire equity shares of the Company that may be exercised within a specified period.

c) The Company has formed Fusion ESOP Trust on June 24, 2014 to issue ESOPs to employees of the Company as per the respective scheme. The Company has given interest and collateral free loan to the ESOP trust, to provide financial assistance to purchase equity shares of the Company under such schemes. The Trust in turn allots the shares to employees on exercise of their right against cash consideration.

d) As on June 30, 2022, the ESOP trust have 15,41,890 equity shares, (June 30, 2021 - 17,11,886 equity shares, March 31, 2022 - 15,65,985 equity shares , March 31, 2021 - 17,40,626 equity shares , and March 31, 2020 - 18,27,536 equity shares). The ESOP Trust does not have any transaction other than those mentioned above, hence it is treated as an integral part of the Company and accordingly gets consolidated with the books of the Company. Accordingly, as at June 30, 2022, the Company has reduced the shares allotted to ESOP Trust amounting Rs. 15.42 million (June 30, 2021 - Rs. 17.12 million, March 31, 2022 - Rs. 15.66 million, March 31, 2021 - Rs. 17.41 million and March 31, 2020 - Rs. 18.28 million) from the share capital and Rs. 124.55 million (June 30, 2021 - Rs. 137.22 million, March 31, 2022 - Rs. 126.70 million, March 31, 2021 - Rs. 138.15 million and March 31, 2020 - Rs. 141.36 million) from the share premium. These are shown as treasury shares.

e) The eligible employees shall exercise their option to acquire the shares of the Company within a period of eight years from the end of vesting period. The plan shall be administered, supervised and implemented by the board.

These options shall vest on graded basis as follows:

Time period	Percentage	Vesting condition
On completion of 1 year	25%	Service
On completion of 2 years	25%	Service
On completion of 3 years	25%	Service
On completion of 4 years	25%	Service

B Reconciliation of outstanding share options

Set out below is a summary of options granted under the plan

Particulars	June 30, 2022		March 31, 2022		June 30, 2021		March 31, 2021		March 31, 2020	
	Number of share options	Average exercise price	Number of share options	Average exercise price per share	Number of share options	Average exercise price per share	Number of share options	Average exercise price per share	Number of share options	Average exercise price per share
Outstanding options at the beginning of the period/year	23,49,107	199.07	20,70,558	156.57	20,70,558	156.57	16,20,998	100.84	11,98,643	68.90
Add: Granted during the year			5,18,500	327.50	-	-	5,84,500	290.48	5,90,970	157.04
Less: Lapsed/forfeited during the period/year	12,158	261.06	65,310	165.12	35,000	116.29	48,030	88.20	92,945	92.18
Less: Exercised during the period/year	24,095	133.03	1,74,641	89.28	28,740	50.57	86,910	55.50	75,670	44.36
Outstanding options at the end of the year	**23,12,854**	**199.43**	**23,49,107**	**199.07**	**20,06,818**	**158.79**	**20,70,558**	**156.57**	**16,20,998**	**100.84**
Options vested and exercisable at the end of the period/year	9,80,702		9,96,477		7,46,841		7,42,836		4,53,243	

The weighted average share price at the date of exercise for share options exercised during the period ended June 30, 2022 was Rs 140.55 (June 30, 2021 - 129.75, March 31, 2022 - 129.07, March 31, 2021 - Rs. 123.49 and March 31, 2020- Rs 116.99).

C Share options outstanding at the end of the year have the following contractual expiry date and exercise options :

Grant date		Number of options	Expiry date	Exercise price	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
March 31, 2016		**2,17,000**							
	Tranche 1	54,250	March 31, 2025	27.08	10,250	10,250	10,250	10,250	10,250
	Tranche 2	54,250	March 31, 2026	27.08	10,250	10,250	10,250	10,250	10,250
	Tranche 3	54,250	March 31, 2027	27.08	10,250	10,250	10,250	19,750	36,500
	Tranche 4	54,250	March 30, 2028	27.08	20,000	20,000	20,000	29,500	43,500
March 31, 2017		**3,41,900**							
	Tranche 1	85,475	March 31, 2026	37.99	45,133	49,248	45,133	49,248	63,173
	Tranche 2	85,475	March 31, 2027	37.99	58,560	62,675	58,560	62,675	76,600
	Tranche 3	85,475	March 30, 2028	37.99	67,693	76,601	67,693	76,601	76,601
	Tranche 4	85,475	March 30, 2029	37.99	73,700	85,475	73,700	85,475	85,475
March 31, 2018		**3,30,540**							
	Tranche 1	82,635	March 31, 2027	64.08	41,108	51,356	42,658	52,318	61,926
	Tranche 2	82,635	March 30, 2028	64.08	42,452	52,699	44,002	53,662	65,143
	Tranche 3	82,635	March 30, 2029	64.08	44,773	56,856	46,323	57,818	67,473
	Tranche 4	82,635	March 30, 2030	64.08	48,648	59,045	50,198	59,045	67,473
March 31, 2019		**4,34,720**							
	Tranche 1	1,08,680	March 31, 2028	110.00	52,353	70,179	56,093	79,829	88,649
	Tranche 2	1,08,680	March 31, 2029	110.00	52,352	72,327	56,092	84,530	96,423
	Tranche 3	1,08,680	March 31, 2030	110.00	68,315	87,165	72,055	94,665	96,423
	Tranche 4	1,08,680	March 31, 2031	110.00	85,063	87,165	85,063	94,665	96,423
September 30, 2019		**5,46,180**							
	Tranche 1	1,36,545	September 30, 2028	154.04	1,06,906	1,27,308	1,07,781	1,28,558	1,33,483
	Tranche 2	1,36,545	September 30, 2029	154.04	1,10,082	1,29,910	1,12,010	1,31,160	1,33,483
	Tranche 3	1,36,545	September 30, 2030	154.04	1,27,983	1,29,910	1,29,910	1,31,160	1,33,483
	Tranche 4	1,36,545	September 30, 2031	154.04	1,28,358	1,29,910	1,29,910	1,31,160	1,33,483
November 8, 2019		**31,790**							
	Tranche 1	7,948	November 8, 2028	154.04	3,611	6,898	3,611	6,898	7,948
	Tranche 2	7,948	November 8, 2029	154.04	4,798	7,948	5,848	7,948	7,948
	Tranche 3	7,948	November 8, 2030	154.04	6,898	7,948	6,898	7,948	7,948
	Tranche 4	7,948	November 8, 2031	154.04	6,898	7,948	6,898	7,948	7,948

Grant date		Number of options	Expiry date	Exercise price	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	Number of options outstanding As at March 31, 2021	As at March 31, 2020
February 18, 2020		**13,000**							
	Tranche 1	3,250	February 18, 2029	290.48	2,200	3,250	2,200	3,250	3,250
	Tranche 2	3,250	February 18, 2030	290.48	2,200	3,250	2,200	3,250	3,250
	Tranche 3	3,250	February 18, 2031	290.48	2,200	3,250	2,200	3,250	3,250
	Tranche 4	3,250	February 19, 2032	290.48	2,200	3,250	2,200	3,250	3,250
August 19, 2020		**1,62,000**							
	Tranche 1	40,500	August 19, 2029	290.48	39,125	40,500	39,125	40,500	-
	Tranche 2	40,500	August 19, 2030	290.48	39,500	40,500	39,500	40,500	-
	Tranche 3	40,500	August 19, 2031	290.48	39,500	40,500	39,500	40,500	-
	Tranche 4	40,500	August 19, 2032	290.48	39,500	40,500	39,500	40,500	-
November 9, 2020		**67,500**							
	Tranche 1	16,875	November 9, 2029	290.48	16,875	16,875	16,875	16,875	-
	Tranche 2	16,875	November 9, 2030	290.48	16,875	16,875	16,875	16,875	-
	Tranche 3	16,875	November 9, 2031	290.48	16,875	16,875	16,875	16,875	-
	Tranche 4	16,875	November 9, 2032	290.48	16,875	16,875	16,875	16,875	-
February 5, 2021		**3,55,000**							
	Tranche 1	88,750	February 5, 2030	290.48	82,375	88,750	86,375	88,750	-
	Tranche 2	88,750	February 5, 2031	290.48	86,375	88,750	86,375	88,750	-
	Tranche 3	88,750	February 5, 2032	290.48	86,375	88,750	86,375	88,750	-
	Tranche 4	88,750	February 5, 2033	290.48	86,375	88,750	86,375	88,750	-
February 14, 2022		**5,18,500**							
	Tranche 1	1,29,625	February 14, 2031	327.50	1,27,750		1,29,625		
	Tranche 2	1,29,625	February 14, 2032	327.50	1,27,750		1,29,625		
	Tranche 3	1,29,625	February 14, 2033	327.50	1,27,750		1,29,625		
	Tranche 4	1,29,625	February 14, 2034	327.50	1,27,750		1,29,625		
Outstanding options at the end of the year					**23,12,854**	**20,06,818**	**23,49,107**	**20,70,558**	**16,20,998**
Weighted average remaining contractual life of options outstanding at the end of the period/year					**8.14 years**	**7.47 years**	**8.39 years**	**7.63 years**	**9.05 years**

B. Measurement of fair values

i. Equity-settled share-based payment arrangements

The fair value of employee share options has been measured using Black-Scholes model. The weighted average fair value of each option granted during the period ending on June 30, 2022 and June 30, 2021 is nil and for the financial year 2021-22 , was ranged between 116.48 - 136.21 (2020-21 was ranged between 83.61 - 95.12 and 2019-20 was ranged between 50.89 - 135.94)

The fair value of options and the inputs used in the measurement of the grant date fair values of the equity-settled share based payment plans are as follows:

Grant date		Expiry date	Historical volatility	Exercise price	Share price	Risk free rate	Fair value of option
March 31, 2016							
	Tranche 1	March 31, 2025	45.00%	27.08	51.90	7.18%	30.69
	Tranche 2	March 31, 2026	45.00%	27.08	51.90	7.32%	32.84
	Tranche 3	March 31, 2027	45.00%	27.08	51.90	7.43%	34.74
	Tranche 4	March 30, 2028	45.00%	27.08	51.90	7.51%	36.42
March 31, 2017							
	Tranche 1	March 31, 2026	45.00%	37.99	80.40	6.45%	51.16
	Tranche 2	March 31, 2027	45.00%	37.99	80.40	6.62%	53.92
	Tranche 3	March 30, 2028	45.00%	37.99	80.40	6.77%	56.41
	Tranche 4	March 30, 2029	45.00%	37.99	80.40	6.88%	58.65
March 31, 2018							
	Tranche 1	March 31, 2027	45.00%	64.08	82.30	6.94%	38.69
	Tranche 2	March 30, 2028	45.00%	64.08	82.30	7.13%	43.26
	Tranche 3	March 30, 2029	45.00%	64.08	82.30	7.28%	47.22
	Tranche 4	March 30, 2030	45.00%	64.08	82.30	7.40%	50.68
March 31, 2019							
	Tranche 1	March 31, 2028	46.30%	110.00	111.10	7.01%	56.07
	Tranche 2	March 31, 2029	46.30%	110.00	111.10	7.12%	61.43
	Tranche 3	March 31, 2030	46.30%	110.00	111.10	7.22%	66.18
	Tranche 4	March 31, 2031	46.30%	110.00	111.10	7.30%	70.42
September 30, 2019							
	Tranche 1	September 30, 2028	45.00%	154.04	111.10	6.31%	42.37
	Tranche 2	September 30, 2029	45.00%	154.04	111.10	6.46%	48.42
	Tranche 3	September 30, 2030	45.00%	154.04	111.10	6.59%	53.90
	Tranche 4	September 30, 2031	45.00%	154.04	111.10	6.70%	58.86

(Rs in millions unless otherwise stated)

November 8, 2019							
	Tranche 1	November 8, 2028	45.00%	154.04	213.60	6.25%	124.09
	Tranche 2	November 8, 2029	45.00%	154.04	213.60	6.43%	132.58
	Tranche 3	November 8, 2030	45.00%	154.04	213.60	6.59%	140.16
	Tranche 4	November 8, 2031	45.00%	154.04	213.60	6.71%	146.93
February 18, 2020							
	Tranche 1	February 18, 2029	45.00%	290.48	213.60	6.08%	82.04
	Tranche 2	February 18, 2030	45.00%	290.48	213.60	6.23%	93.50
	Tranche 3	February 18, 2031	45.00%	290.48	213.60	6.35%	103.81
	Tranche 4	February 18, 2032	45.00%	290.48	213.60	6.44%	113.13
August 19, 2020							
	Tranche 1	August 19, 2029	49.60%	290.48	185.20	5.52%	68.68
	Tranche 2	August 19, 2030	49.60%	290.48	185.20	5.77%	79.33
	Tranche 3	August 19, 2031	49.60%	290.48	185.20	5.97%	88.91
	Tranche 4	August 19, 2032	49.60%	290.48	185.20	6.12%	97.52
November 9, 2020							
	Tranche 1	November 9, 2029	52.70%	290.48	193.80	5.31%	78.61
	Tranche 2	November 9, 2030	52.70%	290.48	193.80	5.58%	89.76
	Tranche 3	November 9, 2031	52.70%	290.48	193.80	5.81%	99.74
	Tranche 4	November 9, 2032	52.70%	290.48	193.80	5.99%	108.67
February 5, 2021							
	Tranche 1	February 5, 2030	52.70%	290.48	193.80	5.63%	79.47
	Tranche 2	February 5, 2031	52.70%	290.48	193.80	5.89%	90.68
	Tranche 3	February 5, 2032	52.70%	290.48	193.80	6.10%	100.69
	Tranche 4	February 5, 2033	52.70%	290.48	193.80	6.27%	109.64
February 14, 2022							
	Tranche 1	February 14, 2031	54.50%	327.50	250.10	5.98%	116.48
	Tranche 2	February 14, 2032	54.50%	327.50	250.10	6.29%	130.74
	Tranche 3	February 14, 2033	54.50%	327.50	250.10	6.54%	143.29
	Tranche 4	February 14, 2034	54.50%	327.50	250.10	6.72%	154.35

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility are concluded equal to historical volatility.

44 Related party disclosure

i. Names of the related party and nature of relationship:-

Description of relationship	Designation	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Key Management Personnel*	Managing Director and Chief Executive Officer	Devesh Sachdev	Devesh Sachdev	Devesh Sachdev	Devesh Sachdev	Devesh Sachdev
	Chief Financial Officer	Gaurav Maheshwari	Gaurav Maheshwari	Gaurav Maheshwari	Gaurav Maheshwari	Gaurav Maheshwari
	Company Secretary and Compliance Officer##	Deepak Madaan	Deepak Madaan	Deepak Madaan	Deepak Madaan	Deepak Madaan
	Independent Director#			-	Pradip Kumar Saha**	Pradip Kumar Saha
		Ms. Namrata Kaul	Ms. Namrata Kaul#	Ms. Namrata Kaul	Ms. Namrata Kaul***	-
		Mr. Pankaj Vaish	-	Mr. Pankaj Vaish*	-	-
		Ms. Ratna Dharashree Vishwanathan	Ms. Ratna Vishwanathan	Ms. Ratna Dharashree Vishwanathan	Ms. Ratna Dharashree Vishwanathan	Ms. Ratna Dharashree Vishwanathan
			Mr. Shobinder Duggal##			
	Nominee Director	Mr. Narendra Ostawal	Mr. Narendra Ostawal	Mr. Narendra Ostawal	Mr. Narendra Ostawal	Mr. Narendra Ostawal
		Mr. Kenneth Dan Vander Weele	Mr. Kenneth Dan Vander Weele	Mr. Kenneth Dan Vander Weele	Mr. Kenneth Dan Vander Weele	Mr. Kenneth Dan Vander Weele
	Additional Director			-	-	Ms. Namrata Kaul
Entities exercising significant influence over the Company	Shareholder	Honey Rose Investment Ltd	Honey Rose Investment Ltd	Honey Rose Investment Ltd	Honey Rose Investment Ltd	Honey Rose Investment Ltd
		Creation Investments Fusion, LLC	Creation Investments Fusion, LLC	Creation Investments Fusion, LLC	Creation Investments Fusion, LLC	Creation Investments Fusion, LLC
		Creation Investments Fusion II, LLC	Creation Investments Fusion II, LLC	Creation Investments Fusion II, LLC	Creation Investments Fusion II, LLC	Creation Investments Fusion II, LLC
Entities with common directors		Vivriti Capital Private Limited	-	Vivriti Capital Private Limited	-	-
Post Employment benefits plan	Gratuity Trust	Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund	Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund	Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund	Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund	Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund

* Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers the members of the Board of Directors which include independent directors and Executive Committee to be key management personnel for the purposes of IND AS 24 Related Party Disclosures.

\# Nitin Gupta, Independent director, resigned on June 28, 2019
\# Albert Hofsink, Independent director, resigned on December 20, 2019
\# Shobinder Duggal was appointed on May 26, 2021 and resigned on September 22, 2021
* Mr. Pankaj Vaish was appointed as an Additional Director on September 22, 2021 and was regularised as an Independent Director w.e.f December 18, 2021
** Pradip Kumar Saha has resigned w.e.f. February 05, 2021
*** Namrata Kaul was additional director till July 27 , 2020 and is Regularised as Independent Director w.e.f July 28, 2020.
\## Appointed as Compliance Officer w.e.f July 25, 2021

ii. Summary of related party transactions during the year

Name of the related party	Nature of transaction	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Mr. Devesh Sachdev	Managerial remuneration	28.64	22.02	37.50	25.91	13.45
	Allotment of equity shares			641.51	-	0.84
Mr. Gaurav Maheshwari	Remuneration	4.25	3.77	8.39	6.51	4.18
	Options granted (in number)			20,000.00	30,000.00	75,000.00
Mr. Deepak Madaan	Remuneration	2.26	1.97	4.50	3.42	1.97
	Options granted (in number)			7,500.00	25,000.00	75,000.00
Creation Investments Fusion, LLC, Chicago, U.S.A.	Reimbursement of Travelling Expenses	-	-	-	0.10	0.15
Creation Investments Fusion II, LLC, Chicago, U.S.A.	Allotment of equity shares (including share premium)	-	-	-	-	1,400.00
Honey Rose Investment Ltd ("Warburg Pincus")	Allotment of equity shares (including share premium)	-	-	-	-	3,600.00
		-	-	-		
Nitin Gupta	Sitting fees	-	-	-	-	0.10
	Reimbursement of Travelling Expenses	-	-	-	-	-
Pradip Kumar Saha	Sitting fees	-	-	-	0.48	0.52
	Reimbursement of Travelling Expenses	-	-	-	-	0.05
Ms. Ratna Vishwanathan	Sitting fees	0.35	0.18	1.26	0.60	0.37
Ms. Namrata Kaul	Sitting fees	0.33	0.28	1.45	0.47	0.07
Mr. Shobinder Duggal	Sitting fees		0.10	0.43	-	-
Mr. Pankaj Vaish	Sitting fees	0.28	-	0.75	-	-
Mr. Pankaj Vaish	Reimbursement of travelling expenses	0.11	-	0.03		
Fusion Micro Finance Private Limited Employees Group Gratuity Trust Fund	Investment			21.35	1.81	19.00
Vivriti Capital Private Limited	Proceeds from subordinate debt	-	-	250.00	-	-
Vivriti Capital Private Limited	Loan processing fees	-		3.75	-	-
Vivriti Asset Management	Proceeds from debt securities	350.00	-	-	-	-
Vivriti Asset Management	Interest payment	7.78	-	-	-	-
Vivriti Capital Private Limited	Interest payment	8.01	-	-	-	-

iii. The amount receivable/(payable) from/ (to) related parties:

Name of the related party	Nature of transaction	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Vivriti Capital Private Limited	Subordinated debt	244.65	-	250.00	-	-
Vivriti Asset Management	Non-convertible debentures	349.32	-	-	-	-
Mr. Devesh Sachdev	Bonus payable	-	17.00	-	-	-

Terms and conditions

All transactions with these related parties are priced on an arm's length basis and at normal commercial terms.

As the provision for gratuity, leave compensation and share based compensation is made for the Company as a whole, the amount pertaining to the Key Management Personnel is not specifically identified and hence is not included above. The above remuneration details are in the nature of short term benefits .

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(Rs in millions unless otherwise stated)

45 Financial instruments - fair value and risk management

A. Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

Particulars	As at June 30, 2022 Carrying value	As at June 30, 2022 Fair value
At amortised cost		
Financial assets:		
Cash and cash equivalents	6,738.13	6,738.13
Bank balance other than cash and cash equivalents	958.38	958.38
Trade receivables	57.99	57.99
Loans	66,508.97	66,783.37
Investments	-	-
Other financial assets	585.89	585.89
	74,849.36	**75,123.76**
Financial liabilities:		
Trade payables	366.65	366.64
Debt securities	7,537.66	7,773.54
Borrowings (other than debt securities)	50,935.37	51,065.54
Subordinated liabilities	1,626.66	1,764.15
Other financial liabilities	1,275.76	1,275.76
	61,742.10	**62,245.63**
At fair value through profit or loss		
Derivative financial instrument	78.42	78.42
	78.42	**78.42**
	61,820.52	**62,324.05**

Particulars	As at June 30, 2021 Carrying value	As at June 30, 2021 Fair value
At amortised cost		
Financial assets:		
Cash and cash equivalents	12,151.46	12,151.46
Bank balance other than cash and cash equivalents	1,213.18	1,213.18
Trade receivables	2.88	2.88
Loans	43,236.36	44,538.78
Other financial assets	452.09	452.09
	57,055.97	**58,358.39**
Financial liabilities:		
Trade payables	169.10	169.10
Debt securities	9,858.61	10,103.37
Borrowings (other than debt securities)	33,270.45	33,607.77
Subordinated liabilities	1,097.46	1,240.11
Other financial liabilities	1,133.21	1,133.21
	45,528.83	**46,253.56**
At fair value through profit or loss		
Derivative financial instrument	38.22	38.22
	38.22	**38.22**
	45,567.05	**46,291.78**

Particulars	As at March 31, 2022 Carrying value	As at March 31, 2022 Fair value
At amortised cost		
Financial assets:		
Cash and cash equivalents	10,113.72	10,113.72
Bank balance other than cash and cash equivalents	1,422.26	1,422.26
Trade receivables	43.42	43.42
Loans	59,181.94	60,225.94
Investments	-	-
Other financial assets	668.65	668.65
	71,429.99	**72,473.99**
Financial liabilities:		
Trade payables	176.59	176.59
Debt securities	7,837.76	8,076.25
Borrowings (other than debt securities)	48,294.66	48,416.68
Subordinated liabilities	1,625.67	1,785.96
Other financial liabilities	1,334.32	1,334.32
	59,269.00	**59,789.80**
At fair value through profit or loss		
Derivative financial instrument	77.11	77.11
	77.11	**77.11**
	59,346.11	**59,866.91**

Particulars	As at March 31, 2021 Carrying value	As at March 31, 2021 Fair value
At amortised cost		
Financial assets:		
Cash and cash equivalents	12,154.20	12,154.20
Bank balances other than cash and cash equivalents	1,198.36	1,198.36
Trade receivables	27.93	27.93
Loans	43,607.30	45,195.17
Other financial assets	300.76	300.76
	57,288.55	**58,876.42**
Financial liabilities:		
Trade payables	113.06	113.06
Debt securities	9,904.50	10,328.61
Borrowings (other than debt securities)	33,250.79	33,401.40
Subordinated liabilities	1,167.21	1,270.76
Other financial liabilities	1,265.98	1,265.98
	45,701.54	**46,379.81**

(Rs in millions unless otherwise stated)

Particulars	As at March 31, 2020 Carrying value	Fair value
At amortised cost		
Financial assets:		
Cash and cash equivalents	5,396.67	5,396.67
Bank balances other than cash and cash equivalents	2,780.82	2,780.82
Trade receivables	31.39	31.39
Loans	33,429.73	33,545.28
Investments	5.00	5.00
Other financial assets	238.46	238.46
	41,882.07	**41,997.62**
Financial liabilities:		
Trade payables	40.71	40.71
Debt securities	3,998.98	4,173.02
Borrowings (other than debt securities)	24,571.58	24,777.75
Subordinated liabilities	1,166.29	1,285.47
Other financial liabilities	513.28	513.28
	30,290.84	**30,790.23**

B. Fair value hierarchy of assets and liabilities

B.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

As at June 30, 2022	Carrying value	Level 1	Level 2	Level 3	Total
Financial liabilities:					
Derivative financial instrument	78.42	-	78.42	-	78.42
	78.42	**-**	**78.42**	**-**	**78.42**

As at June 30, 2021	Carrying value	Level 1	Level 2	Level 3	Total
Financial liabilities:					
Derivative financial instrument	38.22	-	38.22	-	38.22
	38.22	**-**	**38.22**	**-**	**38.22**

As at March 31, 2022	Carrying value	Level 1	Level 2	Level 3	Total
Financial liabilities:					
Derivative financial instrument	77.11	-	77.11	-	77.11
	77.11	**-**	**77.11**	**-**	**77.11**

There are no financial assets and financial liabilities measured at fair value as on March 31, 2021 and March 31, 2020

B.2 Financial assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at June 30, 2022	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets:					
Investments	-	-	-	-	-
Loans	66,508.97	-	-	66,783.37	66,783.37
	66,508.97	**-**	**-**	**66,783.37**	**66,783.37**
Financial liabilities:					
Debt securities	7,537.66	-	7,773.54	-	7,773.54
Borrowings (other than debt securities)	50,935.37	-	51,065.54	-	51,065.54
Subordinated liabilities	1,626.66	-	1,764.15	-	1,764.15
	60,099.69	**-**	**60,603.23**	**-**	**60,603.23**

As at June 30, 2021	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets:					
Investments	-	-	-	-	-
Loans	43,236.36	-	44,538.78	-	44,538.78
	43,236.36	**-**	**44,538.78**	**-**	**44,538.78**
Financial liabilities:					
Debt securities	9,858.61	-	10,103.37	-	10,103.37
Borrowings (other than debt securities)	33,270.45	-	33,607.77	-	33,607.77
Subordinated liabilities	1,097.46	-	1,240.11	-	1,240.11
	44,226.52	**-**	**44,951.25**	**-**	**44,951.25**

As at March 31, 2022	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets:					
Investments	-	-	-	-	-
Loans	59,181.94	-	60,225.94	-	60,225.94
	59,181.94	**-**	**60,225.94**	**-**	**60,225.94**
Financial liabilities:					
Debt securities	7,837.76	-	8,076.25	-	8,076.25
Borrowings (other than debt securities)	48,294.66	-	48,416.68	-	48,416.68
Subordinated liabilities	1,625.67	-	1,785.96	-	1,785.96
	57,758.09	**-**	**58,278.89**	**-**	**58,278.89**

As at March 31, 2021	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets:					
Loans	43,607.30	-	45,195.17	-	45,195.17
	43,607.30	**-**	**45,195.17**	**-**	**45,195.17**
Financial liabilities:					
Debt securities	9,904.50	-	10,328.61	-	10,328.61
Borrowings (other than debt securities)	33,250.79	-	33,401.40	-	33,401.40
Subordinated liabilities	1,167.21	-	1,270.76	-	1,270.76
	44,322.50	**-**	**45,000.77**	**-**	**45,000.77**

(Rs in millions unless otherwise stated)

As at March 31, 2020	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets:					
Investments (at amortised cost)	5.00	5.00	-	-	5.00
Loans	33,429.73	-	33,545.28	-	33,545.28
	33,434.73	**5.00**	**33,545.28**	**-**	**33,550.28**
Financial liabilities:					
Debt securities	3,998.98	-	4,173.02	-	4,173.02
Borrowings (other than debt securities)	24,571.58	-	24,777.75	-	24,777.75
Subordinated liabilities	1,166.29	-	1,285.47	-	1,285.47
	29,736.85	**-**	**30,236.24**	**-**	**30,236.24**

The management assessed that carrying value of financial assets (except loan and investments) and financial liabilities (except debt securities, borrowings (other than debt securities) and subordinated liabilities) approximate their fair value largely due to short term maturities of these instruments.

C. Valuation framework

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. 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 in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

Valuation techniques include net present value and discounted cash flow models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. The Company uses historical experience and other information used in its collective impairment models. The credit risk is applied as a top-side adjustment based on the collective impairment model incorporating probability of defaults and loss given defaults.

The fair values of the Company's fixed rate interest-bearing debt securities, borrowings and subordinated liabilities are determined by applying discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. For variable rate interest-bearing debt securities, borrowings and subordinated liabilities, carrying value represent best estimate of their fair value as these are subject to changes in underlying interest rate indices as and when the changes happen.

The Company has entered into derivative financial instruments with counterparty being a financial institution with investment grade credit ratings. Currency and Interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves. As at June 30, 2022, March 31, 2022 and June 30, 2021 the mark-to-market value of derivative liability position is net of a credit valuation adjustment attributable to derivative counterparty default risk. While as at March 31, 2021 and March 31, 2020 , there was no mark- to -market value of derivative liability.

46 Transfers of financial assets

A. Securitization Transactions:

During the period, the Company has entered into securitization arrangement with various parties. Wherein, the Company has transferred a pool of loan portfolio. The Company, being originator of these loan receivables, also acts as servicer with a responsibility of collection of receivables from its borrowers. These securitisation transactions also requires the Company to provide for first loss credit enhancement in various forms such Fixed deposits and book debts .as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided. In view of the above, the Company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the derecognition criteria as set out in Ind AS 109.Thus the company has continued to recognise the transferred asset in its entirety and had recognised a financial liability for the consideration received .

The value of financial assets and liabilities as on:

	Carrying amount	
	Assets - Loans	**Liabilities - Borrowings**
Securitisation		
As at June 30, 2022	-	-
As at June 30, 2021	-	-
As at March 31, 2022	-	-
As at March 31, 2021	-	-
As at March 31, 2020	281.32	400.26

The fair value of securitisation assets ("Assets -Loans") and liabilities ("liabilities - Borrowings") approximates their respective carrying amount for all years as disclosed above.

B. Assignment transactions:

During the period/year ended June 30, 2022, June 30, 2021, March 31, 2022, March 31, 2021 and March 31, 2020, the Company has sold some loans and advances as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per IND AS 109, including transaction of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognized.

The management has evaluated that the impact of the assignment transactions done during the year for its business model. Based on the future business plan, the Company's business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognized financial assets and the gain/(loss) on derecognition, per type of asset:

	Carrying amount of derecognized	Gain/(loss) from derecognition
Assignment		
For the period ended June 30, 2022	1,207.26	75.86
For the period ended June 30, 2021	-	-
For the year ended March 31, 2022	6,934.54	607.95
For the year ended March 31, 2021	1,180.20	107.84
For the year ended March 31, 2020	3,522.17	271.55

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirely, therefore the whole of the interest spread (over the expected life of the asset) is recognized on the date of derecognition itself as interest strip receivable and correspondingly recognised as profit on derecognition of financial asset.

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47 Financial risk management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The risk management policy is approved by the board of directors.

The Company has identified and implemented comprehensive policies and procedure to assess, monitor and manage risk through-out Company. The risk management process is continuously reviewed, improved and adopted in the context of changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes stock of the risk landscape on an event driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Risk management framework

The Company’s board of directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company’s risk management policies. The committee reports regularly to the board of directors on its activities.

Efficient and timely management of risks involved in the Company's activities is critical for the financial soundness and profitability of the Company. Risk management involves the identifying, measuring, monitoring and managing of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Company employs leading risk management practices and recruits skilled and experienced people.

The Company’s risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company’s audit committee oversees how management monitors compliance with the Company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

A. Credit risk

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company’s policy that no trading in derivatives for speculative purposes may be undertaken. Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet. As per risk management policy of the Company, it only deals with counterparties, which has good credit rating/ worthiness given by external rating agencies or based on Company's internal assessment. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Credit risk is the risk of loss that may occur from defaults by our borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for client selection. Measures such as verifying client details and usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area; income and market potential; and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

The Company is a rural focused NBFC-MFI with a geographically diversified presence in India and offer income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas. Further, as we focus on providing micro-loans in rural areas, our results of operations are affected by the performance and the future growth potential of microfinance in rural India. Our clients typically have limited sources of income, savings and credit histories and our loans are typically provided free of collateral. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans.

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:
• significant financial difficulty of the borrower or issuer;
• a breach of contract such as a default or past due event;

The Company believes that the Micro finance loans (MFI) have shared risk characteristics (i.e. homogeneous) across various states in India. Similarly, the MSME loans are considered to have shared risk characteristics. Accordingly, the Company believes that these product categories are the best measure of credit risk concentration. Refer note 6 for the product wise loan balances.

As a business practice, the Company routinely provides top-up loans or consolidate the existing dues of the customers into a new loan. In determining whether there has been a significant increase in credit risk or impairment of these loans and potential full loss estimate, the Company takes into account their vintage, past repayment behaviour, and viability of their businesses. Based on such assessment as on March 31, 2021 and in accordance with Ind AS 109 principles, including those relating to modified loans, the Company has classified loans amounting to Rs. 2,133 million as Stage 2 and Rs. 1,153 million as Stage 3 and recorded impairment allowance of Rs.1,153 million, although there were Nil overdue as per the latest repayment schedule for these loans.
As at June 30, 2021, the Company has classified the Stage 2 loans, as re-classed above, in their respective DPD bucket based on their actual repayments made in three month period ended June 30, 2021. However, the Company has decided to continue to further analyse the repayment behaviour of loans which were classified as Stage 3 as at March 31, 2021 and have classified the loans amounting to INR 287.41 in Stage 2, though these had improved to Stage1 as at June 30,2021. As at March 31, 2022 and June 30, 2022, the Company has classified such loans as per their respective DPD's.

(a) Probability of default (PD)
PD describes the probability of a loan to eventually falling into stage 3. PD percentage is calculated for entire loan portfolio and is determined by using available historical observations.

PD for stage 1: is derived as percentage of all loans in stage 1 moving into stage 3 in 12-months' time.
PD for stage 2: is derived as percentage of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.
PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

Macroeconomic information (such as regulatory changes, market interest rate or inflation) is incorporated as part of the internal assessment. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

(b) Exposure at default (EAD)
EAD is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

(c) Loss given default (LGD)
The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan is considered credit impaired. Recovery rate is the total of discounted value of all the recoveries on the credit impaired loan account divided by the outstanding of the loan account after its first default. LGD = 1 - (Recovery rate).

(d) Significant increase in credit risk
The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

e) Expected credit loss on Loans
The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the internal assessment of the historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors such as interest rates, gross domestic product, inflation and expected direction of the economic cycle. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

The Company has applied a three-stage approach to measure expected credit losses (ECL) on loans. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

i) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

(Rs in millions unless otherwise stated)

ii) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

iii) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the Company uses information that is relevant and available without undue cost or effort. This includes the Company's internal assessment and forward-looking information to assess deterioration in credit quality of a financial asset.

Expected credit loss on other financial assets

The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account accounting instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower, collateral type, and other relevant factors.

The Company monitors changes in credit risk by tracking published external credit ratings. In order to determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Company supplements this by reviewing changes in government bond yields together with available press and regulatory information about issuers.

48 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Company has a assets liability management (ALM) policy and ALM Committee to review and monitor liquidity risk and ensure the compliance with the prescribed regulatory requirement. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

The following are the contractual maturities of financial labilities at the reporting date. The amount are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

As at June 30, 2022	Contractual cash flows								
	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial liabilities									
Borrowings (other than debt securities)	3,111.41	3,221.49	4,927.17	8,691.02	14,743.72	20,276.93	609.83	-	55,581.57
Debt securities	21.42	8.70	1,151.82	670.93	951.92	6,132.98	-	-	8,937.77
Subordinated liabilities	12.79	13.02	30.49	56.05	593.27	766.15	387.48	309.13	2,168.38
Derivative financial instrument	-	-	-	12.72	3.73	61.96	-	-	78.42
Other financial liabilities	996.11	39.38	108.39	6.08	15.32	58.46	29.53	22.50	1,275.76
Trade payables	365.44	1.21	-	-	-	-	-	-	366.65
Total undiscounted financial liabilities	**4,507.17**	**3,283.81**	**6,217.87**	**9,436.80**	**16,307.96**	**27,296.48**	**1,026.84**	**331.63**	**68,408.55**

As at June 30, 2021	Contractual cash flows								
	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial liabilities									
Borrowings (other than debt securities)	2,583.60	2,148.14	2,798.57	5,313.75	11,902.91	11,239.87	465.73	-	36,452.57
Debt securities	23.42	844.47	711.17	746.67	3,123.53	3,243.27	2,406.42	1,571.43	12,670.38
Subordinated liabilities	6.94	7.29	24.72	38.71	76.84	1,272.22	-	-	1,426.72
Derivative financial instrument	10.00	-	-	2.62	3.82	21.78	-	-	38.22
Other financial liabilities	698.51	52.30	241.38	59.33	2.26	12.52	17.74	49.17	1,133.21
Trade payables	89.90	79.20	-	-	-	-	-	-	169.10
Total undiscounted financial liabilities	**3,412.37**	**3,131.40**	**3,775.84**	**6,161.08**	**15,109.36**	**15,789.66**	**2,889.89**	**1,620.60**	**51,890.20**

As at March 31, 2022	Contractual cash flows								
	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial liabilities									
Borrowings (other than debt securities)	3,291.78	2,551.42	3,152.18	10,223.29	13,953.08	18,901.56	736.27	-	52,809.58
Debt securities	22.00	2,124.91	146.05	1,176.72	627.89	4,874.21	-	-	8,971.78
Subordinated liabilities	12.82	12.79	30.18	56.52	610.93	790.67	137.66	576.27	2,227.84
Derivative financial instrument	27.11	0.25	0.24	0.72	1.39	47.41	-	-	77.12
Other financial liabilities	1,058.09	148.24	16.48	29.68	-	-	-	-	1,252.49
Trade payables	124.06	52.53	-	-	-	-	-	-	176.59
Total undiscounted financial liabilities	**4,535.86**	**4,890.14**	**3,345.13**	**11,486.93**	**15,193.29**	**24,613.85**	**873.93**	**576.27**	**65,515.40**

As at March 31, 2021	Contractual cash flows								
	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial liabilities									
Borrowings (other than debt securities)	2,459.34	1,546.51	2,213.75	6,973.36	10,970.44	11,719.77	525.09	-	36,408.26
Debt securities	23.54	166.21	97.65	1,579.06	1,640.46	5,359.69	2,476.87	1,614.31	12,957.79
Subordinated liabilities	77.17	7.17	24.41	38.94	76.81	1,310.97	-	-	1,535.47
Other financial liabilities	882.14	105.84	16.78	178.40	1.59	11.54	17.91	51.78	1,265.97
Trade payables	66.30	46.75	-	-	-	-	-	-	113.05
	3,508.49	**1,872.48**	**2,352.59**	**8,769.76**	**12,689.30**	**18,401.97**	**3,019.87**	**1,666.09**	**52,280.54**

As at March 31, 2020	Contractual cash flows								
	Up to 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial liabilities									
Borrowings (other than debt securities)	1,516.85	1,314.27	1,926.97	5,416.05	8,282.14	8,216.75	291.42	21.15	26,985.60
Debt securities	12.87	56.67	6.60	514.56	509.24	2,407.87	920.05	954.04	5,381.90
Subordinated liabilities	7.97	7.82	25.50	41.59	152.10	808.70	656.78	-	1,700.46
Other financial liabilities	322.79	39.43	7.82	61.68	81.56	-	-	-	513.28
Trade payables	7.59	18.90	12.83	1.39	-	-	-	-	40.71
	1,868.07	**1,437.09**	**1,979.72**	**6,035.27**	**9,025.04**	**11,433.32**	**1,868.25**	**975.19**	**34,621.95**

49 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, credit, liquidity etc. The Company is exposed to three type's of market risks as follows:

(i) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods.

We assess and manage our interest rate risk by managing our assets and liabilities. Our Assets Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Company has board approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loan given.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. For this, during year ended March 31,2022 the Company entered into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before tax is affected through the impact on floating rate borrowings, as follows:

Finance Cost	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
0.50 % Increase	40.52	98.77	105.54	68.87	48.90
0.50 % Decrease	(40.52)	(98.77)	(105.54)	(68.87)	(48.90)

(ii) Price Risk

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

(iii) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from recognized assets and liabilities denominated in a currency that is not the functional currency of the Company. To mitigate the Company's exposure to foreign currency risk, non-rupee cash flows are monitored and derivative contracts are entered into in accordance with the Company's risk management policies. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises majorly on account of foreign currency borrowings. The Company manages its foreign currency risk by entering into cross currency swaps and forward contract. When a derivative is entered in to for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure.

For hedges of forecasted transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Company hedges its exposure to fluctuations on the translation into INR of its foreign currency transactions by using foreign currency swaps and forwards. At March 31, 2022, the Company hedged 100% (March 31, 2021: Nil and March 31, 2020: Nil), for entire term of borrowing, of its expected interest and principle repayments on External commercial borrowings. This foreign currency risk is hedged by using foreign currency forward contracts.

Details of hedged foreign currency transactions

Foreign currency in millions

Particulars	**As at June 30, 2022**	**As at June 30, 2021**	**As at March 31, 2022**	**As at March 31, 2021**	**As at March 31, 2020**
	Euro	**Euro**	**Euro**	**Euro**	**Euro**
Borrowings					
External commercial borrowings	10.00	10.00	10.00	-	-
Less: Currency and interest rate swaps	10.00	10.00	10.00	-	-
Unhedged External commercial borrowings	-	-	-	-	-

50 Capital Management Risk

The Company's objective for capital management is to maximize shareholder's value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, retained earnings and operating cash flow generated.

As an NBFC-MFI, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time (refer note 57). The Capital management process of the Company ensures to maintain to healthy CRAR at all the time.

The Company has a board approved policy on resource planning which states that the resource planning of the Company shall be based on the Asset Liability Management (ALM) requirement. The policy of the Company on resource planning will also cover the objectives of the regulatory requirement. The policy prescribes the sources of funds, threshold for mix from various sources, tenure manner of raising the funds etc.

For the purpose of the Company's capital management, capital includes equity share capital and other equity. Debt includes terms loans from banks, NBFC and debentures net of cash and cash equivalents and bank balances other than cash and cash equivalents. The Company monitors capital on the basis of the following gearing ratio.

Gearing Ratio:

Particulars	**As at June 30, 2022**	**As at June 30, 2021**	**As at March 31, 2022**	**As at March 31, 2021**	**As at March 31, 2020**
Net debt*	52,668.37	31,346.11	46,478.96	31,343.33	21,784.05
Total equity	14,164.65	12,516.51	13,379.51	12,463.55	11,988.89
Net debt to equity ratio	**3.72**	**2.50**	**3.47**	**2.51**	**1.82**

* Net Debt includes debt securities + borrowings other than debt securities + Subordinated liabilities + interest accrued - cash and cash equivalents - bank balances other than cash and cash equivalents.

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(Rs in millions unless otherwise stated)

51 Contingent Liabilities, commitments and contingent assets

A Contingent liabilities

The Company has entered into business correspondence arrangements with the bank. As per the terms of the said agreement, the Company has given performance security towards the loans disbursed by the bank under the agreement. The total outstanding of such loans was NIL as at June 30, 2022, NIL as at June 30, 2021, NIL as at March 31, 2022, NIL as at March 31, 2021 and Rs. 81.21 millions as at March 31,2020. The performance security provided is in the nature of fixed deposits and corporate guarantee. Apart from this there are no Contingent liabilities as at June 30, 2022, June 30, 2021, March 31, 2022, March 31, 2021 and March 31, 2020.

B. Commitments
There are no commitments as at June 30, 2022, June 30, 2021, March 31, 2022, March 31, 2021 and March 31, 2020.

C. Contingent assets
There are no contingent assets as at June 30, 2022, June 30, 2021, March 31, 2022, March 31, 2021 and March 31, 2020.

D. The company has reviewed all litigations having an impact on the financial position, where applicable, has adequately provided for where provision are required . As on June 30, 2022, June 30, 2021, March 31, 2022, March 31 2021 and March 31, 2020 the Company does not have any material litigation pending with Income Tax authorities, Goods and Services Tax authorities and other statutory authorities in the ordinary course of business requiring any provision to be provided in books of accounts.

52 Revenue from contracts with customers

		For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
(a)	**Type of services**					
	Facilitation fees (refer note 28)	10.73	1.00	13.86	5.08	7.18
	Income from business correspondence services (refer note 28)	-	-	-	2.11	27.46
	Market support Income (refer note 31)	132.39	46.31	426.87	145.39	74.10
	Total	**143.12**	**47.31**	**440.73**	**152.58**	**108.74**
(b)	**Geographical markets**					
	India	143.12	47.31	440.73	152.58	108.74
	Outside India	-	-	-	-	-
	Total	**143.12**	**47.31**	**440.73**	**152.58**	**108.74**
(c)	**Timing of revenue recognition**					
	Service transferred at a point in time	143.12	47.31	440.73	152.58	108.74
	Services transferred over time			-	-	-
	Total	**143.12**	**47.31**	**440.73**	**152.58**	**108.74**

		As at June 30, 2022	As at March 31, 2022	As at June 30, 2021	As at March 31, 2021	As at March 31, 2020
(d)	**Receivables**					
	Facilitation fees	8.17	6.42	0.76	3.56	1.01
	Income from business correspondence services	-	-	-	-	0.67
	Market support services	43.97	34.92	1.60	23.84	29.18
	Total	**52.14**	**41.34**	**2.36**	**27.40**	**30.86**

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(Rs in millions unless otherwise stated)

53 Leases

Company as a lessee

During the financial year 2020-21, the Company had entered into new head office lease arrangements in Gurugram and registered office at Naraina . The head office lease has obtained on a non-cancellable lease term of 3 years which is extendable up to 9 years with an escalation clause at a 3 years interval.The registered office lease has obtained on a non-cancellable lease term of 3 years which is extendable up to 6 years with an escalation clause at a 3 years interval. The company's obligations under its leases are secured by the lessor's title to the leased assets. The company is restricted from assigning and subleasing the leased assets.
The Company has branch offices on lease for which 'short term lease' recognition exemption is applied. Accordingly, lease rentals of Rs. 41.11 millions for period ended June 30, 2022 (Rs. 33.31 millions for the period ended June 30, 2021, Rs 139.65 millions for the year ended March 31, 2022, Rs. 110.79 millions for the year ended March 31, 2021 and Rs. 97.89 millions for the year ended March 31, 2020) on such short term leases has been directly debited to Restated Ind AS statement of profit and loss.

Set out below are the carrying amounts of Right of use asset recognized and the movements during the year (Refer note 12):

Particulars

Particulars	**Right of use asset**
As at April 1, 2019	-
Addition	-
Depreciation	-
As at March 31, 2020	**-**
As at April 1, 2020	-
Addition	83.45
Depreciation	5.26
As at March 31, 2021	**78.19**
As at April 1, 2021	78.19
Addition	-
Depreciation	9.02
As at March 31, 2022	**69.17**
As at April 01, 2021	**78.19**
Addition	-
Depreciation	1.50
As at June 30, 2021	**76.69**
As at April 1, 2022	**69.17**
Addition	12.80
Depreciation	2.78
As at June 30, 2022	**79.19**

Set out below are the carrying amounts of lease liabilities and the movements during the year (Refer note 20)

Particulars	**Lease liabilities**
As at April 1, 2019	-
Addition	-
Accretion of interest	-
Payments	-
As at March 31, 2020	**-**
As at April 1, 2020	-
Addition	83.45
Accretion of interest	5.30
Payments	(4.12)
As at March 31, 2021	**84.63**
As at April 1, 2021	**84.63**
Addition	-
Accretion of interest	8.88
Payments	(11.69)
As at March 31, 2022	**81.82**
As at April 01, 2021	**84.63**
Addition	-
Accretion of interest	1.51
Payments	2.59
As at June 30, 2021	**83.55**
As at April 1, 2022	**81.82**
Addition	12.80
Accretion of interest	7.79
Payments	(8.75)
As at June 30, 2022	**93.66**

The following are the amounts recognized in statement of profit or loss:

Particulars	**For the period ended June 30, 2022**	**For the period ended June 30, 2021**	**For the year ended March 31, 2022**	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Depreciation on Right of use asset (Note no 11-13)	2.78	1.50	9.02	5.26	-
Interest expense on lease liability	2.49	1.51	8.88	5.30	-
Total amount recognized in profit or loss	**5.27**	**3.01**	**17.90**	**10.56**	**-**

Total cash outflow for leases for the period/year ended June 30, 2022, June 30, 2021, March 31, 2022 ,March 31, 2021 and March 31, 2020 were Rs. 46.36 million, Rs. 35.90 million, Rs. 159.02 million , Rs. 114.24 million and Rs. 97.30 million respectively.

The effective interest rate for lease liabilities is 10.72% and 10.35% with maturity between September 2020 - November 2029 and maturity between May 2022 - May 2028.

54 For the period ended June 30, 2022 ;

India is emerging from COVID-19, a global pandemic that affected the world economy over the last two years. The extent to which any new wave of COVID-19 will impact the Company's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by us.

For the quarter ended June 30, 2022, the Company has incorporated estimates, assumptions, and judgements specific to the impact of CoVID-19 pandemic in its assessment of business model, going concern, measurement of impairment loss allowance including relating to the restructuring of loans. These estimates, including the impairment loss allowance of Rs. 2,442.74 Mn as at June 30, 2022 on its loan portfolio is subject to uncertainty on account of factors explained above and the actual results may differ.

For the period ended June 30, 2021 :
Consequent to the outbreak of CoVID-19 pandemic, the Indian Government announced a lock-down in March 2020. Subsequently, the national lock-down was lifted by the government but regional lock-downs continue to be implemented in areas with a significant number of CoVID-19 cases. The impact of CoVID-19, including changes in consumer's behaviour and pandemic fears, as well as restrictions on business and individual activities has led significant volatility in Indian financial markets and a significant decrease in local economic activities. The Company's performance will depend on further developments, which are uncertain, including, among other things, new information concerning the severity of the CoVID-19 pandemic including the current "second wave" that has significantly increased the number of cases in India and any action to contain its spread or mitigate its impact.

Further, in accordance with Reserve Bank of India guidelines relating to "CoVID-19 Regulatory package" announced on March 27, 2020 April 17, 2020 and May 23, 2020, the Company has offered moratorium on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 to August 31, 2020 to all eligible borrowers. For all such accounts opting for moratorium, the prudential assets a classification remained standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purpose of asset classification under Income Recognition, Asset classification and Provisioning Norms).

For the year ended March 31, 2022

The uncertain economic environment as result impact of COVID-19 continues to prevail as infection rates continue change on a regular basis. On account of resurgence of Covid-19 pandemic in India during year ended March 31, 2022, the Reserve Bank of India introduced Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses vide circular DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021 with the objective of alleviating the potential stress to individual borrowers and small businesses.
In accordance with the circular, the Company has identified the eligible borrowers and those who agreed with the resolution plan were extended the support under the framework for relief from stress of Covid-19.
For the year ended March 31, 2022, the Company has incorporated estimates, assumptions, and judgements specific to the impact of CoVID-19 pandemic in its assessment of business model, going concern, measurement of impairment loss allowance including relating to the restructuring discussed above. These estimates, including the impairment loss allowance on loan portfolio which stood at Rs. 3603.50 Mn as at March 31, 2022 is subject to uncertainty on account of factors explained above and the actual results may differ.

(Rs in millions unless otherwise stated)

For the year ended March 31, 2021

Consequent to the outbreak of CoVID-19 pandemic, the Indian Government announced a lock-down in March 2020. Subsequently, the national lock-down was lifted by the government but regional lock-downs continue to be implemented in areas with a significant number of CoVID-19 cases. The impact of CoVID-19, including changes in consumer's behaviour and pandemic fears, as well as restrictions on business and individual activities has led significant volatility in Indian financial markets and a significant decrease in local economic activities. The Company's performance will depend on further developments, which are uncertain, including, among other things, new information concerning the severity of the CoVID-19 pandemic including the current "second wave" that has significantly increased the number of cases in India and any action to contain its spread or mitigate its impact
Further, in accordance with Reserve Bank of India guidelines relating to "CoVID-19 Regulatory package" announced on March 27, 2020, April 17, 2020 and May 23, 2020, the Company has offered moratorium on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 to August 31, 2020 to all eligible borrowers. For all such accounts opting for moratorium, the prudential assets a classification remained standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purpose of asset classification under Income Recognition, Asset classification and Provisioning Norms).
The Company has recorded an expected credit loss provision of Rs. 2,853.02 Mn in respect of its loans and advances of as at March 31, 2021 based on the information available at this point in time to reflect among other things an increased risk of deterioration in macro-economic factors caused by recent "second wave" of CoVID-19 pandemic. Since the situation continue to evolve, its effect on the operations of the Company may be different form that estimated as at the date of approval of these financial statements. The Company will continue to closely monitor changes in markets and future economic conditions.

For the year ended March 31, 2020

The “severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)”, generally known as COVID-19, which was declared as a pandemic by the WHO on March 11, 2020, continues to spread across the globe including India, resulting into a significant decline and volatility in financial markets and a significant decrease in global and India’s local economic activities. On March 24, 2020, the Indian Government announced a 21 days lockdown which was further extended from time to time across the nation as a strict measure to contain the spread of the virus. Due to the continuous lockdowns the Company’s operations were suspended. To deal with this disruption and in accordance with RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 22, 2020, the Company has given an option for availing moratorium to all the eligible borrower’s as per the Moratorium policy of the Company.
An inherent part of the Company’s business model is to raise funds for onward lending to its customers. The total borrowing of the Company as at 31 March 2020 are Rs 29,736.85 Mn. The Company has received moratorium in respect of its borrowing amounting to Rs 11,445.94 Mn in accordance with RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 22, 2020. The management has performed a detailed assessment of its monthly cash inflows and outflows for next 12 months and concluded that it will be able to meet its obligations even though its monthly collections remain below average due to continuation of lockdown. In its assessment, the Company has considered debt amounting to Rs. 3,750.00 Mn received post March 31, 2020 and also considered undrawn bank lines amounting to Rs. 445.00 Mn.
The Company has recorded an expected credit loss provision of Rs. 982.36 Mn as at 31 March 2020 in respect of its loans and advance. In accordance with the guidance from ICAI, extension of the moratorium to borrowers by the Company pursuant to the RBI guidelines relating to COVID 19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 22, 2020 by itself is not considered to result in a significant increase in credit risk of a borrower, however the entity needs to evaluate whether the borrowers to which moratorium is granted will remain regular, once the moratorium period gets over. The Company has recorded a macroeconomic (management) overlay of Rs. 510.41 Mn as part of its ECL (being 1.5 % of stage 1 and stage 2 portfolio) , to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (COVID-19) pandemic.
Given the unique nature and scale of the economic impact of this pandemic, its timing being close to the year-end, and no reliable data being available regarding the impact of various regulatory packages, the company’s operations and financial metrics (including impairment provision on loans) will depend on further developments concerning the resumption of economic activity which are uncertain and incapable of estimation at this time.

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(Rs in millions unless otherwise stated)

55 Reconciliation of equity as at April 1, 2019

The financial statements for the year ended March 31, 2020, were the first financial statements, the Company had prepared in accordance with Ind AS. The audited financial statements of the Company as at March 31, 2019 were prepared in accordance with the Companies (Accounting Standards) Rules 2006 (as amended) specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014 ("Previous GAAP"). The same has been converted into Ind AS to confirm with the accounting policies generally accepted in India including Indian Accounting Standards ("Ind AS") specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, while preparing first Ind AS financials of the Company for the year ended March 31, 2020. These converted Ind AS financial statements as at March 31, 2019 is used as opening balance as at April 01, 2019 for the purpose of Restated Ind AS financial information. Reconciliation between Previous GAAP equity as at March 31, 2019 and Restated equity as per Restated Ind AS financial information as at April 01, 2019 is as follows:

(i) Reconciliation of equity

Particulars	Notes	As at April 1, 2019		
		Previous GAAP*	**Adjustment on transition to Ind AS**	**Ind AS**
Assets				
Financial assets				
Cash and cash equivalents		7,234.73	4.98	7,239.71
Bank balances other than cash and cash equivalents	9	2,665.21	0.00	2,665.21
Trade receivables		6.09	(0.00)	6.09
Loans	1,4,5&8	22,973.69	2,746.67	25,720.36
Investments	6	5.00	-	5.00
Other financial assets	1	275.12	(177.88)	97.24
Non-financial assets				
Current tax assets (net)		78.60	(0.00)	78.60
Deferred tax	7	228.74	(14.43)	214.31
Property, plant and equipment		53.52	(0.01)	53.51
Intangible assets		1.73	0.00	1.73
Other non-financial assets		124.31	(100.86)	23.45
Total assets		**33,646.74**	**2,458.47**	**36,105.21**
Equity and liabilities				
Financial liabilities				
Trade payables		41.91	(0.03)	41.88
Debt securities	3&8	5,007.00	(16.95)	4,990.05
Borrowings (other than debt securities)	3&8	20,682.28	2,448.07	23,130.35
Subordinated liabilities	3&8	1,170.00	(4.51)	1,165.49
Other financial liabilities		419.12	-	419.12
Non-Financial Liabilities				
Current tax liabilities (net)		0.38	-	0.38
Provisions	2	52.90	-	52.90
Other non-financial liabilities		46.51	-	46.50
Total liabilities		**27,420.10**	**2,426.57**	**29,846.67**
Equity				
Equity share capital		615.77	-	615.77
Other equity	9&10	5,610.87	31.90	5,642.77
Total equity		**6,226.64**	**31.90**	**6,258.54**
Total equity and liabilities		**33,646.74**	**2,458.47**	**36,105.21**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note. The transition to Ind AS has been carried out from accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP'), which is considered as the previous GAAP, for purposes of Ind AS 101

Notes to above :

1 **Expected credit loss allowance**
Under previous GAAP, provision on loans was recognised based on RBI income recognition and asset classification norms. On transition to Ind AS, the Company has assessed impairment loss on loans, investments, trade receivables and other financial assets based on the expected credit loss model as required by Ind AS 109.

2 **Defined benefit liabilities**
Both under previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, was charged to profit or loss account. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other comprehensive income.

3 **Borrowings**
Under previous GAAP, transaction costs incurred on borrowings were amortised to profit or loss account on a straight line basis over the tenure of the borrowings. Under Ind AS 109 transaction costs incurred towards origination of financial liabilities (borrowings) are amortised to profit or loss as interest expense on a effective interest rate basis.

4 **Loans**
Under previous GAAP, fees charged on origination of a loan were recognised upfront in statement of profit or loss. Under Ind AS 109 requires transaction costs/fees incurred towards origination of loans are recognised in profit or loss account as interest income on a effective interest rate basis.

5 **Interest income on stage 3**
Under the previous GAAP, interest income on nonperforming assets (NPA) was recognised upon realisation as per RBI Guidelines. Under Ind AS, interest income from financial assets is recognised on an accrual basis using Effective Interest Rate (EIR) method on the gross carrying amount for assets falling under stages 1 and 2 and on the amortised cost for assets falling under stage 3. Accordingly, the Company has recognised income on stage 3 assets on the carrying value of the asset.

6 **Fair valuation of investments**
Under the previous GAAP, Current investments were carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each investments.
Under Ind AS, investment in in mutual funds is classified as at fair value through profit and loss (FVTPL) with changes in fair value recognised in profit and loss account.

7 **Deferred tax**
Under previous GAAP, deferred tax was prepared using income statement approach. Under Ind AS, Company has prepared deferred tax using balance sheet approach. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

8 **Securitisation**
The Company enters into arrangements for sale of loan receivables through securitisation. Under previous GAAP, securitisation transactions are accounted as under:
(i) Loan receivables is derecognised basis true sale criteria
(ii) Excess interest spread (EIS i.e. difference between the pool IRR and the yield agreed with the portfolio buyer) under par structure of securitization of loan receivables is recognised only when redeemed in cash, over the tenure of the securities issued by Special Purpose Vehicle (SPV). Loss, if any, is recognised upfront.

Under Ind AS, said transaction fails to meet the derecognition test since the asset has been transferred but substantial risk and rewards has been retained by the Company (in form of credit enhancement provided), Accordingly, the Company has not derecognised the loan receivables and the consideration received has been recognised as a borrowing in the books of accounts. Also Interest income on said loan receivables has been recognised along with interest expense on borrowings assumed.

9 **Consolidation of ESOP trust**
Under previous GAAP, Employee welfare trusts were not required to be consolidated considering that these trusts were constituted as irrecoverable trust. Under Ind AS the employee welfare trusts have been consolidated. Consequently, the operations of the ESOP Trust, in so far as the ESOP is concerned and the assets and liabilities of the Trust have been included in the financial statements of the company. Balances arising from transactions between the company and the Trust have been appropriately eliminated.

10 **Retained earnings**
Retained earnings as at 1 April 2019 has been adjusted consequent to the above Ind AS transition adjustments.

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(Rs in millions unless otherwise stated)

56 Additional information required by Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17

a. Capital to risk assets ratio ('CRAR')

Particulars	**As at June 30, 2022**	**As at June 30, 2021**	**As at March 31, 2022**	**As at March 31, 2021**	**As at March 31, 2020**
CRAR	21.13%	27.16%	21.94%	27.26%	35.82%
CRAR- Tier I	19.45%	25.17%	19.93%	25.52%	33.08%
CRAR- Tier II	1.68%	1.99%	2.01%	1.74%	2.74%
Amount of subordinated debt raised as Tier-II capital	1,626.66	1,097.46	1,625.67	1,167.21	1,166.29
Amount raised by issue of Perpetual Debt Instruments		-	-	-	-

b. Exposures
i) The Company has no direct and indirect exposure to real estate sector.
ii) The Company has no exposure to capital market.

c. Assets liability management:

Maturity pattern of certain items of assets and liabilities as on June 30, 2022

Particulars	**1-7 days**	**8-14 days**	**15-30 days**	**1 to 2 months**	**2 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 3 year**	**3 to 5 year**	**Over 5 year**	**Total**
Borrowings (Note 1)	228.00	605.79	1,656.25	2,841.18	5,621.32	7,952.01	14,678.25	22,025.13	4,208.33	283.44	60,099.69
Advances (Note 2)	907.81	900.22	2,037.41	3,783.40	3,616.31	10,527.47	19,395.66	25,984.44	123.98	73.28	67,349.98

Maturity pattern of certain items of assets and liabilities as on June 30, 2021

Particulars	**1-7 days**	**8-14 days**	**15-30 days**	**1 to 2 months**	**2 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 3 year**	**3 to 5 year**	**Over 5 year**	**Total**
Borrowings (Note 1)	157.20	416.07	1,662.28	2,638.89	2,936.51	5,314.88	13,626.84	14,709.57	1,314.37	1,449.91	44,226.52
Advances (Note 2)	883.26	876.18	2,099.08	2,607.32	2,609.98	7,578.45	13,167.40	15,274.32	9.47	10.73	45,116.19

Maturity pattern of certain items of assets and liabilities as on March 31, 2022

Particulars	**1-7 days**	**8-14 days**	**15-30 days**	**1 to 2 months**	**2 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 3 year**	**3 to 5 year**	**Over 5 year**	**Total**
Borrowings (Note 1)	159.23	994.02	1,639.17	3,685.30	3,435.82	10,379.30	13,309.61	21,004.20	2,624.04	527.39	57,758.08
Advances (Note 2)	895.56	896.66	1,921.19	3,211.44	3,222.85	9,613.07	17,282.14	23,034.38	87.30	66.86	60,231.45

Maturity pattern of certain items of assets and liabilities as on March 31, 2021

Particulars	**1-7 days**	**8-14 days**	**15-30 days**	**1 to 2 months**	**2 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 3 years**	**3 to 5 years**	**over 5 years**	**Total**
Borrowings (Note 1)	538.60	623.92	1,112.29	1,305.16	2,175.92	7,207.37	11,299.23	17,185.89	1,424.24	1,449.88	44,322.50
Advances (Note 2)	605.46	651.45	1,563.87	2,379.49	2,515.70	7,350.38	13,010.84	16,821.08	11.90	14.91	44,925.08

Maturity pattern of certain items of assets and liabilities as on March 31, 2020

Particulars		**1-7 days**	**8-14 days**	**15-30 days**	**1 to 2 months**	**2 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 3 years**	**3 to 5 years**	**over 5 years**	**Total**
Borrowings (Note 1)		42.04	229.12	339.11	558.64	1,745.36	5,192.23	8,985.62	11,767.35	857.38	20.00	29,736.85
Advances (Note 2)		3.05	2.95	5.72	8.58	2,597.60	6,364.90	11,196.71	13,978.45	0.10	-	34,158.06
Investments	-	-	-	5.00		-	-	-	-	-	-	5.00

Note 1 - Borrowings exclude accrued interest
Note 2 - Net of provision towards non-performing loans and advances

d. Information on instances of fraud :

Instances of fraud reported during the year ended June 30, 2022

Nature of fraud	**No. of cases**	**Amount of fraud**	**Recovery***	**Amount provided**
Cash Embezzlement	132	3.03	1.52	1.51

Instances of fraud reported during the year ended June 30, 2021

Nature of fraud	**No. of cases**	**Amount of fraud**	**Recovery***	**Amount provided**
Cash Embezzlement	49	0.79	0.47	0.32

Instances of fraud reported during the year ended March 31, 2022

Nature of fraud	**No. of cases**	**Amount of fraud**	**Recovery***	**Amount provided**
Cash Embezzlement	435	12.67	5.96	6.71

Instances of fraud reported during the year ended March 31, 2021

Nature of fraud	**No. of cases**	**Amount of fraud**	**Recovery***	**Amount provided**
Cash Embezzlement	170	9.77	5.18	4.59

Instances of fraud reported during the year ended March 31, 2020

Nature of fraud	**No. of cases**	**Amount of fraud**	**Recovery***	**Amount provided**
Cash Embezzlement	147	5.01	2.12	2.89

*includes recoveries in respect of frauds reported in earlier years

e. Ratings assigned by credit rating agencies and migration of ratings during the year:

Particulars	**Amount**	**Credit Rating Agency**	**Date of Rating**	**Valid up to**	**Current Rating**	**Previous Rating**
Bank Loan Rating	15,000.00	Credit Analysis & Research Ltd.	21-Jan-22	See Note 1	CARE A-; Stable	CARE A-; Stable
Bank Loan Rating	24,700.00	CRISIL Limited	29-Jun-22	See Note 1	CRISIL A -/ (Stable	CRISIL A -/ (Stable)
Cash Credit	-	Credit Analysis & Research Ltd.	3-Sep-21	See Note 1	-	CARE A-; Stable
Non - Convertible Debenture	8,975.00	ICRA Limited	26-Apr-22	See Note 1	[ICRA]A-(Stable)	[ICRA]A-(Stable)
Non - Convertible Debenture (MLD)	250.00	Credit Analysis & Research Ltd.	3-Sep-21	See Note 1		CARE PP-MLD A-; Stable
Non - Convertible Debenture	600.00	Credit Analysis & Research Ltd.	5-May-21	See Note 1	CARE A (CE); Stable	Provisional CARE A (CE); Stable
Subordinate Debt (NCD)	300.00	Credit Analysis & Research Ltd.	21-Jan-22	See Note 1	CARE A-; (Stable)	CARE A- (Stable)
Subordinate Debt (NCD)	550.00	ICRA Limited	26-Apr-22	See Note 1	[ICRA]A-(Stable)	[ICRA]A-(Stable)
Subordinate Debt (Term Loan)	300.00	CRISIL Limited	29-Jun-22	See Note 1	CRISIL A -; (Stable	CRISIL A -; (Stable)
Organization Grading	N.A	CARE Advisory Research and Training Ltd.	16-Mar-22	6-Mar-23	MFI 1 (One)	MFI 1 (MFI One)

Note 1: Rating is subject to annual surveillance till final repayment/redemption of rated facilities.
*Bank of Baroda NCD of INR 500.00 million has dual rating (1) ICRA A - Stable (2) CRISIL A - Stable

f. Disclosure of Complaints

Particulars	**No. of Complaints**				
	June 30, 2022	**June 30, 2021**	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**
No. of complaints pending at the beginning of the year	21	14	14	44	14
No. of complaints received during the year	431	183	1214	777	721
No. of complaints redressed during the year	437	187	1207	807	691
No. of complaints pending at the end of the year	15	10	21	14	44

g. Concentration of Advances, Exposures and NPAs

Particulars	**June 30, 2022**	**As at June 30, 2021**	**As at March 31, 2022**	**As at March 31, 2021**	**As at March 31, 2020**
Concentration of Advances					
Total advances to twenty largest borrowers*	22.00	15.26	19.97	15.34	6.46
(%) of advances to twenty largest borrowers to total advances	0.03%	0.03%	0.03%	0.03%	0.02%
Concentration of Exposures					
Total exposure to twenty largest borrowers	22.00	15.26	19.97	15.34	6.46
(%) of exposures to twenty largest borrowers to total exposure	0.03%	0.03%	0.03%	0.03%	0.02%
Concentration of NPAs					
Total exposure to top four NPA accounts	1.86	0.87	1.85	0.72	0.32

* Does not include interest accrued

h. Sector wise NPAs

Particulars	**% of NPA to total advances in that sector**				
	June 30, 2022	**As at June 30, 2021**	**As at March 31, 2022**	**As at March 31, 2021**	**As at March 31, 2019**
Agriculture & allied	2.44%	3.68%	3.82%	2.29%	0.77%
MSME	5.34%	6.31%	8.03%	3.76%	1.71%
Corporate borrowers	NA	NA	NA	NA	NA
Services	7.12%	6.18%	10.64%	3.58%	1.14%
Unsecured personal loans	NA	NA	NA	NA	N.A
Auto loans	NA	NA	NA	NA	N.A
Other personal loans	NA	NA	NA	NA	N.A

including manufacturing & production, trade & retail, CS and others.

i. Movement of NPAs

Particulars	**June 30, 2022**	**June 30, 2021**	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**
i) Net NPA to net advances percentage	**1.39%**	**3.04%**	**1.74%**	**2.35%**	**0.39%**
ii) Movement of NPAs (Gross)					
a) Opening balance	3,584.25	2,558.90	2,558.90	384.49	404.24
b) Additions during the year	306.14	415.93	3,959.74	2,500.47	332.30
c) Reduction during the year (write off)	(1,361.00)	(85.93)	(2,934.39)	(326.06)	(352.05)
d) Closing balance	**2,529.39**	**2,888.90**	**3,584.25**	**2,558.90**	**384.49**
iii) Movement of net NPAs					
a) Opening balance	1,030.28	1,023.68	1,023.68	130.47	144.52
b) Additions during the year	(102.58)	288.99	6.60	893.21	(14.05)
c) Reduction during the year	-	-		-	-
d) Closing balance	**927.70**	**1,312.69**	**1,030.28**	**1,023.68**	**130.47**
iv) Movement of provisions for NPAs (excluding provisions on standard assets)					
a) Opening balance	2553.99	1535.23	1,535.23	254.04	259.71
b) Provision made during the year	408.72	126.91	3,953.15	1607.25	346.38
c) Write off/write back of excess provisions	(1,361.00)	(85.92)	(2,934.39)	(326.06)	(352.05)
d) Closing	**1,601.71**	**1,576.23**	**2,553.99**	**1535.23**	**254.04**

i. Investments

Particular	**As at June 30, 2022**	**As at June 30, 2021**	**As at March 31, 2022**	**As at March 31, 2021**	**As at March 31, 2020**
1. Value of Investments					
(i) Gross value of investments					
(a) In India	-	-	-	-	5.00
(b) Outside India	-	-	-	-	-
(ii) Provision for depreciation	-	-	-	-	-
(a) In India	-	-	-	-	-
(b) Outside India	-	-	-	-	-
(iii) Net value of investments	-	-	-	-	-
(a) In India	-	-	-	-	5.00

(Rs in millions unless otherwise stated)

(b) Outside India	-	-	-	-	-
2. Movement of provisions held towards depreciation on investments	-	-			
Opening balance	-	-	-	-	-
Add: Provisions made during the year	-	-	-	-	-
Less: Write-off/write-back of excess provisions during the year	-	-	-	-	-
Closing balance	-	-	-	-	-

j(a). Public disclosure on liquidity risk management

(i). Funding concentration based on significant counterparty *(both deposits and borrowings)

	Number of significant counterparties	Amount	% of Total Deposits	% of Total Liabilities
June 30, 2022	28	50,534.39	-	81.52%
June 30, 2021	29	38,192.97	-	83.51%
March 31, 2022	26	46,487.13	-	78.10%
March 31, 2021	30	38,237.82	-	86.28%
March 31, 2020	33	27,188.58	-	89.40%

(ii). Top 20 large 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.

(iii). Top 10 borrowings (amount in millions and % of total borrowings)

As at June 30, 2022		As at June 30, 2021		As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
Amount	% of Total Borrowings	Amount	% of Total Borrowings	Amount	% of Total Borrowings	Amount	% of Total Borrowings	Amount	% of Total Borrowings
31,589.06	52.56%	23,753.31	53.71%	31,495.69	54.53%	23,354.16	52.70%	16,784.80	56.44%

(iv). Funding concentration based on significant instrument/product*

Name of the instrument/product	As at June 30, 2022 Amount	% of Total Liabilities	As at June 30, 2021 Amount	% of Total Liabilities	As at March 31, 2022 Amount	% of Total Liabilities	As at March 31, 2021 Amount	% of Total Liabilities	As at March 31, 2020 Amount	% of Total Liabilities
Term loans from Banks	44,624.01	71.99%	30,543.16	66.79%	42,525.11	71.44%	30351.15	68.49%	21526.53	70.79%
Subordinate Debts	1,626.66	2.62%	1,097.46	2.40%	1,625.67	2.73%	1167.21	2.63%	1166.29	3.84%
Non Convertible Debentures	7,537.66	12.16%	9,858.61	21.56%	7,837.76	13.17%	9904.49	22.35%	3998.98	13.15%
Term Loans from Others Parties (NBFC and FIs)	6,311.08	10.18%	2,727.29	5.96%	5,769.55	9.69%	2894.3	6.53%	2644.79	8.70%
Borrowings under Securitization arrangement	-	0.00%	-	0.00%		0.00%		-	400.26	1.32%

(v). Stock Ratios

Period	Particulars	As a % of total public funds*	As a % of total liabilities*	As a % of total assets
As at June 30, 2022	Commercial papers	-	-	-
	Non Convertible Debenture (Original Maturity of less than one year)	-	-	-
	Other short-term liabilities	58.73%	56.94%	46.35%
As at June 30, 2021	Commercial papers	-	-	-
	Non Convertible Debenture (Original Maturity of less than one year)	-	-	-
	Other short-term liabilities	63.63%	61.53%	48.31%
As at March 31, 2022	Commercial papers	-	-	-
	Non Convertible Debenture (Original Maturity of less than one year)	-	-	-
	Other short-term liabilities	60.96%	59.15%	48.29%
As at March 31, 2021	Commercial papers	-	-	-
	Non Convertible Debenture (Original Maturity of less than one year)	-	-	-
	Other short-term liabilities	12.31%	8.52%	44.14%
As at March 30, 2020	Commercial papers	-	-	-
	Non Convertible Debenture (Original Maturity of less than one year)	-	-	-
	Other short-term liabilities	8.88%	7.89%	5.66%

(vi). Institutional set-up for liquidity risk management

The Board of Directors has the overall responsibility for establishing the risk management framework for the Company. The Board in turn has established an ALM Committee (ALCO) for evaluating, monitoring and reviewing liquidity and interest rate risks arising in the Company on both sides of the Balance sheet. The Board based on recommendations from the ALCO has prescribed policies and the risk limits for the management of liquidity risk.

ALCO Committee is responsible for managing the risks arising out of Asset Liability mismatches consistent with the regulatory requirements and internal risk tolerances established by the Board. Amongst other responsibilities, ALCO has been empowered to decide the funding mix for the company in light of the future business strategy and prevailing market conditions. ALCO committee is conducted at least once in a quarter and the ALCO minutes are reviewed by the Board from time to time.

***Notes**

1. A "significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFC.

2. A "significant instrument/product" is defined as a single instrument/ product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFC's.

3. Total Liabilities has been computed as sum of all liabilities (carrying value) less equities and reserve/surplus.

4. "Public Funds" shall include funds raised either directly or indirectly through public deposits, commercial paper, debentures, inter-corporate deposits and bank finance but exclude funds raised by issue of instruments compulsory convertible into equity shares with in a period not exceeding 10 years from the date of issue as defined in Regulatory Framework For Core Investment Companies issued vie Notification No. DNBS (PD) CC.No206/03.10.001/2010-11 dated January 5, 2011.

5. The amount stated in this disclosure is based on the Restated Ind AS Financial Information for the period/year ended June 30, 2022, June 30, 2021, March 31, 2022, March 31, 2021 and March 31, 2020

(Rs in millions unless otherwise stated)

k. Details of assignment transactions:

Particulars	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
Total no. of loans assigned	51,527	-	3,05,690	99,375	2,81,906
Aggregate book value of loan assigned	1,207.26	-	6,934.54	1,180.20	3,522.17
Sale consideration received for loan assigned	1,207.26	-	6,934.54	1,180.20	3,522.17
Aggregate gain / (loss) over net book value	-	-	-	-	-

l. Disclosure related to securitization

Particulars	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
Total no. of loans securitized	-	-	-	-	1,40,732
Aggregate book value of loan securitized	-	-	-	-	1085.13
Aggregate book value of loan securitized (incl. MRR)	-	-	-	-	1172.90
Sale consideration received for loan securitized	-	-	-	-	1085.13
Credit enhancements provided and outstanding (Gross):	-	-	-	-	-
Principal subordination	-	-	-	-	42.47
Cash collateral	-	-	-	-	30.33
Outstanding value of loan securitized during the year	-	-	-	-	156.93

Particulars	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
1.Number of Special Purpose Vehicles (SPVs) sponsored by the Company for securitisation transactions	-	-	-	-	6
2.Total amount of securitised assets as per books of the SPVs sponsored by the Company#	-	-	-	-	568.89
3.Total amount of exposures retained by the Company to comply with Minimum Retention Rate (MRR) as on the date of balance sheet					
a) Off-balance sheet exposures					
* First loss	-	-	-	-	-
* Others	-	-	-	-	-
b) On-balance sheet exposures					
* First loss (Cash collateral)	-	-	-	-	170.50
* First loss (Micro finance loans)	-	-	-	-	194.64
* Others	-	-	-	-	-
4. Amount of exposures to securitization transactions other than MRR					
a) Off-balance sheet exposures	-	-	-	-	-
i) Exposure to own securitizations	-	-	-	-	-
* First loss	-	-	-	-	-
* Others	-	-	-	-	-
ii)Exposure to third party securitizations					
* First loss	-	-	-	-	-
* Others	-	-	-	-	-
b) On-balance sheet exposures					
i) Exposure to own securitizations					
* First loss			-	-	-
* Others	-	-	-	-	-
ii) Exposure to third party securitizations	-	-			
* First loss			-	-	-
* Others			-	-	-

m. Provisions and contingencies (shown under expenditure in statement of profit and loss)

Particulars	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
Provision for non-performing loan portfolio	408.72	126.90	3,953.15	1,607.24	346.38
Provision for standard portfolio	(208.48)	562.04	(268.28)	589.47	567.28
Provision for insurance recoverable and BC collection	-	-	-	-	6.01
Provision for Income Tax (net)	250.27	10.10	26.71	128.47	303.85
Provision for cash loss	2.50	3.38	(11.43)	9.21	5.72
Provision for gratuity	1.85	9.87	23.11	17.86	12.71
Provision for leave benefits	6.01	10.30	21.38	20.31	15.40

n. Information on Net Interest Margin

Particulars	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
Average interest charged (A)		19.53%	18.82%	20.45%	21.18%
Average effective cost of borrowings (B)		10.83%	10.43%	11.23%	12.33%
Net Interest Margin (A-B)		**8.70%**	**8.39%**	**9.22%**	**8.85%**

1. Interest income considered for computation of "average interest charged" excludes loan processing fee collected from customers in accordance with para 54(vi) of the RBI Master Directions. As per Ind AS 109, such loan processing fee forms part of interest income in the Restated Ind AS Financial Information

2. Average loan outstanding considered for computation of "average interest charged" is gross of the impairment allowance and unamortized portion of loan processing fee. As per Ind AS 109, such allowance is adjusted from the loan balance in the Restated Ind AS Financial information.

3 Information on Net Interest Margin is not applcable for periods from April 1, 2022

o. Prudential floor for impairment loss

Assets classification under RBI norms June 30, 2022	Asset classification under Ind AS	Gross carrying amount as per Ind AS	Loss allowance as required under Ind AS	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provision and IRACP norms
(I)	**(II)**	(III)	(IV)	(V) = (III) - (IV)	(VI)#	(VII) = (IV - VI)
Performing assets						
Standard assets	Stage I	65,528.10	510.75	65,017.35	673.58	(162.83)
	Stage II	894.22	330.29	563.93	27.68	302.61
Subtotal (A)		**66,422.32**	**841.03**	**65,581.29**	**701.26**	**139.77**
Non-performing assets						
Sub-standard	Stage III	2,529.39	1,601.71	927.68	522.21	1,079.50
Doubtful	Stage III	-	-	-	-	-
Up to 1 year	Stage III	-	-	-	-	-
1 to 3 years	Stage III	-	-	-	-	-
More than 3 years	Stage III	-	-	-	-	-
Loss assets	Stage III	-	-	-	-	-
Subtotal (B)		**2,529.39**	**1,601.71**	**927.68**	**522.21**	**1,079.50**
Total	Stage I	65,528.10	510.75	65,017.35	673.58	(162.83)
	Stage II	894.22	330.29	563.93	27.68	302.61
	Stage III	2,529.39	1,601.71	927.68	522.21	1,079.50
	Total	**68,951.71**	**2,442.74**	**66,508.97**	**1,223.47**	**1,219.27**

Assets classification under RBI norms June 30, 2021	Asset classification under Ind AS	Gross carrying amount as per Ind AS	Loss allowance as required under Ind AS	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provision and IRACP norms
(I)	**(II)**	(III)	(IV)	(V) = (III) - (IV)	(VI)#	(VII) = (IV - VI)
Performing assets						
Standard assets	Stage I	40,051.52	743.93	39,307.59	390.68	353.25
	Stage II	3,751.98	1,135.90	2,616.08	34.76	1,101.14
Subtotal (A)		**43,803.50**	**1,879.83**	**41,923.67**	**425.44**	**1,454.39**
Non-performing assets						
Sub-standard	Stage III	2,888.90	1,576.21	1,312.69	678.31	897.90
Doubtful	Stage III	-	-	-	-	-
Up to 1 year	Stage III	-	-	-	-	-
1 to 3 years	Stage III	-	-	-	-	-
More than 3 years	Stage III	-	-	-	-	-
Loss assets	Stage III	-	-	-	-	-
Subtotal (B)		**2,888.90**	**1,576.21**	**1,312.69**	**678.31**	**897.90**
Total	Stage I	40,051.52	743.93	39,307.59	390.68	353.25
	Stage II	3,751.98	1,135.90	2,616.08	34.76	1,101.14
	Stage III	2,888.90	1,576.21	1,312.69	678.31	897.90
	Total	**46,692.40**	**3,456.04**	**43,236.36**	**1,103.75**	**2,352.29**

(Rs in millions unless otherwise stated)

Assets classification under RBI norms March 31, 2022	Asset classification under Ind AS	Gross carrying amount as per Ind AS	Loss allowance as required under Ind AS	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provision and IRACP norms
(I)	(II)	(III)	(IV)	(V) = (III) - (IV)	(VI)#	(VII) = (IV - VI)
Performing assets						
Standard assets	Stage I	57,890.26	597.12	57,293.14	590.64	6.48
	Stage II	1,310.91	452.39	858.53	27.50	424.89
Subtotal (A)		**59,201.17**	**1,049.51**	**58,151.67**	**618.14**	**431.37**
Non-performing assets						
Sub-standard	Stage III	3,584.27	2,553.99	1,030.28	585.47	1,968.52
Doubtful	Stage III	-	-	-	-	-
Up to 1 year	Stage III	-	-	-	-	-
1 to 3 years	Stage III	-	-	-	-	-
More than 3 years	Stage III	-	-	-	-	-
Loss assets	Stage III	-	-	-	-	-
Subtotal (B)		**3,584.27**	**2,553.99**	**1,030.28**	**585.47**	**1,968.52**
Total	Stage I	57,890.26	597.12	57,293.14	590.64	6.48
	Stage II	1,310.91	452.39	858.53	27.50	424.89
	Stage III	3,584.26	2,553.99	1,030.27	585.47	1,968.52
	Total	**62,785.43**	**3,603.50**	**59,181.94**	**1,203.61**	**2,399.89**

 # This also includes additional 10% provision on restructured loans as per the requirement of RBI circular RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021

Assets classification under RBI norms March 31 , 2021	Asset classification under Ind AS	Gross carrying amount as per Ind AS	Loss allowance as required under Ind AS	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provision and IRACP norms
(I)	(II)	(III)	(IV)	(V) = (III) - (IV)	(VI)	(VII) = (IV - VI)
Performing assets						
Standard assets	Stage I	40,763.84	449.56	40,314.28	428.04	21.52
	Stage II	3,137.58	868.23	2,269.35	8.88	859.35
Subtotal (A)		**43,901.42**	**1,317.79**	**42,583.63**	**436.92**	**880.87**
Non-performing assets						
Sub-standard	Stage III	2,558.90	1,535.23	1.023.67	12.29	1,522.94
Doubtful	Stage III	-	-	-	-	-
Up to 1 year	Stage III	-	-	-	-	-
1 to 3 years	Stage III	-	-	-	-	-
More than 3 years	Stage III	-	-	-	-	-
Loss assets	Stage III	-	-	-	-	-
Subtotal (B)		**2,558.90**	**1,535.23**	**1.023.67**	**12.29**	**1,522.94**
Total	Stage I	40,763.84	449.56	40,314.28	428.04	21.52
	Stage II	3,137.58	868.23	2,269.35	8.88	859.35
	Stage III	2,558.90	1,535.23	1,023.67	12.29	1,522.94
	Total	**46,460.32**	**2,853.02**	**43,607.30**	**449.21**	**2,403.81**

Assets classification under RBI norms March 31 ,2020	Asset classification under Ind AS	Gross carrying amount as per Ind AS	Loss allowance as required under Ind AS	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provision and IRACP norms
(I)	(II)	(III)	(IV)	(V) = (III) - (IV)	(VI)	(VII) = (IV - VI)
Performing assets						
Standard assets	Stage I	33,861.54	645.31	33,216.23	333.10	312.21
	Stage II	166.06	83.02	83.04	1.53	81.49
Subtotal (A)		**34.027.60**	**728.33**	**33.299.27**	**334.63**	**393.70**
Non-performing assets						
Sub-standard	Stage III	384.49	254.04	130.45	3.25	250.79
Doubtful	Stage III	-	-	-	-	-
Up to 1 year	Stage III	-	-	-	-	-
1 to 3 years	Stage III	-	-	-	-	-
More than 3 years	Stage III	-	-	-	-	-
Loss assets	Stage III	-	-	-	-	-
Subtotal (B)		**384.49**	**254.04**	**130.45**	**3.25**	**250.79**
Total	Stage I	33.861.54	645.31	33.216.23	333.10	312.21
	Stage II	166.06	83.02	83.04	1.53	81.49
	Stage III	384.49	254.04	130.45	3.25	250.79
	Total	**34,412.09**	**982.37**	**33,429.72**	**337.88**	**644.49**

*The provision required as per IRACP norms has been calculated on the aggregate loan portfolio after derecognizing the securitised assets (net of MRR) which meets the de-recognition criteria under the previous GAAP.

p. Details of penalties imposed by RBI and other regulators

No penalty has been imposed by RBI and other regulators on the Company during the financial period/year ended June 30, 2022, June 30, 2021, March 31, 2022 ,March 31, 2021 and March 31, 2020

q. Details of unsecured advances

The Company has not given any unsecured advances against intangible securities such as charge over the rights, licenses, authority, etc. during the financial period/year ended June 30, 2022, June 30, 2021, March 31, 2022 ,March 31, 2021 and March 31, 2020.

r. Details of non-performing financial assets purchased / sold

The Company has not purchased / sold any non-performing financial assets during the financial period/year ended June 30, 2022, June 30, 2021, March 31, 2022 ,March 31, 2021 and March 31, 2020.

s. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC:

The Company has not exceeded the prudential exposures limits during the financial period/year ended June 30, 2022, June 30, 2021, March 31, 2022 ,March 31, 2021 and March 31, 2020.

t.Draw down from reserves

There has been no draw down from reserves during the period/year ended June 30, 2022, June 30, 2021, March 31, 2022 ,March 31, 2021 and March 31, 2020.

u. Derivatives
Currency and interest rate swap

Particulars	**June 30, 2022**	**June 30, 2021**	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**
Notional Principal of swap agreements	890.42	890.42	890.42	-	-
Loss/(profit) which would be incurred if counterparties failed to fulfil their obligations under the agreement	78.42	38.22	77.11	-	-
Collateral required by the applicable NBFC upon entering into swaps	-	-	-	-	-
Concentration of credit risk arising from swap	-	-	-	-	-
Fair value of the swap book	78.42	38.22	77.11	-	-

v. The Company has no loans outstanding as at June 30, 2022, June 30, 2021, March 31, 2022 ,March 31, 2021 and March 31, 2020. that are secured against gold.

w. Details of registration with financial and other regulators

Regulator	Registration number	Date of registration
Ministry of Corporate Affairs	U65100DL1994PLC061287	September 5, 1994
Reserve Bank of India	B-14.02857	May 19, 2010

x Disclosure of Liquidity risk management as per RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20

The requirements of the above circular with respect to the Liquidity Coverage Ratio ("LCR") have become applicable to the Company with effect from the quarter ended March 31, 2021. Accordingly, the Company has not calculated and disclosed LCR information as at end of other quarters i.e. quarters ended on June 30, 2020, September 30, 2020 and December 31, 2020.

(Rs in millions unless otherwise stated)

		For the quarter ended June 30, 2022		For the quarter ended March 31, 2022		For quarter ended December 31, 2021	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets							
1	Total High Quality Liquid Assets (HQLA)	-	3,240.86	-	4,974.25	-	4,459.02
Cash Outflows							
2	Deposits (for deposit taking companies)	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-
5	Additional requirements, of which	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-
6	Other contractual funding obligations	4,198.76	4,828.57	4,329.83	4,979.30	3,681.20	4,233.38
7	Other contingent funding obligations			-	-	-	-
8	**Total cash outflows**	**4,198.76**	**4,828.57**	**4,329.83**	**4,979.30**	**3,681.20**	**4,233.38**
Cash Inflows							
9	Secured lending	-	-	-	-	-	-
10	Inflows from fully performing exposures	-	-	-	-	-	-
11	Other cash inflows	5,824.09	4,368.07	5,139.42	3,854.56	4,956.34	3,717.25
12	**Total cash inflows**	**5,824.09**	**4,368.07**	**5,139.42**	**3,854.56**	**4,956.34**	**3,717.25**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**
13	**Total HQLA**		**3,240.86**		**4,974.25**		**4,459.02**
14	**Total net cash outflows**		**1,207.14**		**1,244.83**		**1,058.35**
15	**Liquidity Coverage ratio (%)**		**268.47%**		**399.59%**		**421.32%**
	Following assets formed part of HQLA						
	Assets						
	Cash on hand		141.95		129.41		119.97
	Balances with banks – Current Accounts		3,098.91		4,844.85		4,339.05
	Total		**3,240.86**		**4,974.26**		**4,459.02**

		For the quarter ended September 30, 2021		For quarter ended June 30, 2021		For quarter ended March 31, 2021	
		Total unweighted value (average)	Total weighted value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets							
1	Total High Quality Liquid Assets (HQLA)	-	3,632.50	-	3,979.39	-	3,438.24
Cash Outflows							
2	Deposits (for deposit taking companies)	-	-	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-	-	-
4	Secured wholesale funding	-	-	-	-	-	-
5	Additional requirements, of which	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-
6	Other contractual funding obligations	2,905.07	3,340.83	2,973.63	3,419.67	3,028.79	3,483.10
7	Other contingent funding obligations	-	-	-	-	-	-
8	**Total cash outflows**	**2,905.07**	**3,340.83**	**2,973.63**	**3,419.67**	**3,028.79**	**3,483.10**
Cash Inflows							
9	Secured lending	-	-	-	-	-	-
10	Inflows from fully performing exposures	-	-	-	-	-	-
11	Other cash inflows	3,559.74	2,669.80	6,968.98	5,226.74	7,918.79	5,939.10
12	**Total cash inflows**	**3,559.74**	**2,669.80**	**6,968.98**	**5,226.74**	**7,918.79**	**5,939.10**
		Total Adjusted Value		**Total Adjusted**		**Total Adjusted**	
13	**Total HQLA**		**3,632.50**		**3,979.39**		**3,438.24**
14	**Total net cash outflows**		**835.21**		**854.92**		**870.78**
15	**Liquidity Coverage ratio (%)**		**434.92%**		**465.47%**		**394.85%**
	Following assets formed part of HQLA						
	Assets						
	Cash on hand		126.41		110.95		92.83
	Balances with banks – Current Accounts		3,506.09		3,868.44		3,345.40
	Total		**3,632.50**		**3,979.39**		**3,438.24**

y Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended:

			As at June 30, 2022		As at June 30, 2021		As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
S.No	**S.No**	**Particulars**	**Amount outstanding**	**Amount overdue**	**Amount outstanding**	**Amount overdue**	**Amount outstanding**	**Amount overdue**	**Amount outstanding**	**Amount overdue**	**Amount outstanding**	**Amount overdue**
Liabilities side												
	Loans and advances availed by the company inclusive of interest accrued thereon but											
		Debentures : Secured	5,289.00	-	10,036.20	-	5,870.52	-	9,550.41	-	2,909.01	-
	a	Debentures : Unsecured	3,724.20	-	1,101.16	-	3,418.27	-	1,304.17	-	1,152.96	-
1		(other than falling within the meaning of public deposits)										-
	b	Deferred Credits		-	-	-	-	-	-	-	-	-
	c	Term Loans*	51,351.60	-	33,385.76	-	48,726.16	-	33,841.32	-	25,892.78	-
	d	Inter corporate loans and borrowings	-	-	-	-	-	-	-	-	-	-
	e	Commercial Paper	-	-	-	-	-	-	-	-	-	-
	f	Public Deposit	-	-	-	-	-	-	-	-	-	-
	g	Other loans (lease liability)	93.66	-	83.56	-	81.82	-	84.63	-	-	-

Asset Side

			As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
			Amount outstanding	**Amount outstanding**	**Amount outstanding**	**Amount outstanding**	**Amount outstanding**
	Break-up of Loans and Advances including bills receivables :						
2	a	Secured	362.17	37.85	271.61	35.07	-
	b	Unsecured	68,589.54	46,654.55	62,513.83	46,425.25	34,412.09
	Current Investments						
	1	**Quoted**					
		Shares	-	-	-	-	-
	(i)	(A) Equity	-	-	-	-	-
		(B) Preference	-	-	-	-	-
	(ii)	Debentures and Bonds	-	-	-	-	-
	(iii)	Units of Mutual Funds	-	-	-	-	-
	(iv)	Government Securities	-	-	-	-	-
	(v)	Others (Please specify)	-	-	-	-	-
	2	**Unquoted**					
		Shares					-
	(i)	(A) Equity	-	-	-	-	-
		(B) Preference	-	-	-	-	-
	(ii)	Debentures and Bonds	-	-	-	-	-
	(iii)	Units of Mutual Funds	-	-	-	-	-
	(iv)	Government Securities	-	-	-	-	-
	(v)	Others (Please specify) - Commercial Paper	-	-	-	-	-
3	**Long Term Investments**						-
	1	**Quoted**					
		Shares					-
	(i)	(A) Equity	-	-	-	-	-
		(B) Preference	-	-	-	-	-
	(ii)	Debentures and Bonds	-	-	-	-	-
	(iii)	Units of Mutual Funds	-	-	-	-	-
	(iv)	Government Securities	-	-	-	-	-
	(v)	Others (Please specify)	-	-	-	-	-
	2	**Unquoted**					
		Shares	-	-	-	-	-
	(i)	(A) Equity	-	-	-	-	-
		(B) Preference	-	-	-	-	-
	(ii)	Debentures and Bonds	-	-	-	-	-
	(iii)	Units of Mutual Funds	-	-	-	-	-
	(iv)	Government Securities	-	-	-	-	-
	(v)	Others (Please	-	-	-	-	-

Borrower group-wise classification of assets financed as in (2):& (3)
Category

		As at June 30, 2022		As at June 30, 2021		As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
		Amount net of provision		Amount net of provision		Amount net of provision		Amount net of provision		Amount net of provision	
		Secured	**Unsecured**	**Secured**	**Unsecured**	**Secured**	**Unsecured**	**Secured**	**Unsecured**	**Secured**	**Unsecured**
4											
	a. Subsidiaries	-	-	-	-	-	-	-	-	-	-
	b. Companies in the same group	-	-	-	-	-	-	-	-	-	-
	c. other related parties	-	-	-	-	-	-	-	-	-	-
	Other then related parties	362.17	66,146.80	37.85	46,654.55	271.61	58,910.33	35.07	43,572.23	-	33,429.73

(Rs in millions unless otherwise stated)

Total	**362.17**	**66,146.80**	**37.85**	**46,654.55**	**271.61**	**58,910.33**	**35.07**	**43,572.23**	**-**	**33,429.73**

Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

	Category	As at June 30, 2022		As at June 30, 2021		As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
5		Market Value	Book value (net of provisions)	Market Value	Book value (net of provisions)	Market Value	Book value (net of provisions)	Market Value	Book value (net of provisions)	Market Value	Book value (net of provisions)
	a. Subsidiaries	-	-	-	-	-	-	-	-	-	-
	b. Companies in the same group	-	-	-	-	-	-	-	-	-	-
	c. other related parties	-	-	-	-	-	-	-	-	-	-
	Other then related parties	-	-	-	-	-	-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	-

	Other information	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
	Particulars	**Amount**	**Amount**	**Amount**	**Amount**	**Amount**
	Gross Non Performing Assets					
	a. Related parties			-	-	-
6	b. Other than related parties	2,529.39	2,888.90	3,584.26	2,558.90	384.49
	Net Non Performing Assets					
	a. Related parties	-	-	-	-	-
	b. Other than related parties	927.68	1,312.67	1,030.28	1,023.68	130.45

(Rs in millions unless otherwise stated)

57 (i) Details of resolution plan implemented under the Resolution Framework for COVID-19-related stress as per RBI circular dated August 6, 2020 (Resolution Framework 1.0) are not applicable as the Company has not restructured any loan accounts under resolution framework 1.0.

(ii) Details of resolution plan implemented under the RBI Resolution Framework - 2.0: Resolution are given below: -

S.No	Description	JLG Loans	MSME Loans
A	Number of requests received for invoking resolution process (In Number)	88,611	48
B	Number of accounts where resolution plan has been implemented under this window. (In Number)	85,454	25
C	Exposure to accounts mentioned at (B) before implementation of the plan.	1,336.74	5.23
D	Of (C), aggregate amount of debt that was converted into other securities.	-	-
E	Additional funding sanctioned, if any, including between invocation of the plan and implementation.	-	-
F	Increase in provisions on account of the implementation of the resolution plan*	133.67	0.52

*Represents impairment loss allowance maintained as per regulatory requirement

58 As per the policy on moratorium, approved by the Board of Directors, pursuant to the RBI circular no. DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020, the Company had not granted moratorium to its customers in overdue categories as on February 29, 2020. Accordingly, the disclosure as per para 10 of the RBI circular no. DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 is not applicable.

59 As per Regulation 54 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 ('Listing Regulations'), as on March 31, 2022, all Secured Non-convertible debenture of the Company are secured by exclusive first charge by way of hypothecation against the principal amount outstanding and accrued coupon on debenture. Further, the Company has maintained security cover being minimum of 100% of principal outstanding and accrued coupon thereon or as stated in the Information Memorandum of non-convertible debentures at all times.

60 Details of loans transferred/acquired during the period ended June 30, 2022 and for the year ended March 31, 2022, under RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021, are given below:

(i) Details of loans not in default transferred/acquired through assignment:

Particulars	For the period ended June 30, 2022		For the year ended March 31, 2022	
	Transferred (MFI Loan)	Acquired	Transferred (MFI Loan)	Acquired
Aggregate amount of loans transferred/acquired	1,207.26	-	6,934.54	-
Weighted average in maturity (in months)	15.03	-	16.8	-
Weighted average holding period (in months)	9.76	-	7.57	-
Retention of beneficial economic interest by the originator	10.00%	-	11.62%	-
Tangible security cover	111.11%	-	112.42%	-
Rated wise distribution of rated loans	Not applicable	-	Not applicable	-

(ii)The Company has not transferred any non-performing assets (NPAs).
(iii)The Company has not acquired any loans through assignment
(iv)The Company has not acquired any stressed loan.

61 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

62 Analytical Ratios:

Ratios	Numerator	Denominator	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	% variance (June 2022 V June 2021)	% variance (March 2022 V March 2021)	% variance (March 2021 V March 2020)	Reason for Variance
a) Capital to risk-weighted assets ratio (CRAR)	Total Capital	Risk weighted assets	21.13%	27.16%	21.94%	27.26%	35.82%	-22.22%	-19.52%	-23.88%	NA
(b) Tier I CRAR	Tier -I capital	Risk weighted assets	19.45%	25.17%	19.93%	25.52%	33.08%	-22.75%	-21.89%	-22.85%	NA
(c) Tier II CRAR	Tier -II capital	Risk weighted assets	1.68%	1.99%	2.01%	1.74%	2.74%	-15.45%	15.14%	-36.36%	Change of more than 25% from March 31, 2020 to March 31,2021 is attributable to reduction in Tier II capital by Rs 172.70 million and increase in Risk weighted assets by Rs 10,138.67 Million
(d) Liquidity Coverage Ratio	Total HQLA	Total net cash outflows	268.47%	465.47%	399.59%	394.85%	433.29%	-42.32%	1.20%	-8.87%	NA

Notes to above :

Total risk-weighted assets represents the weighted average of funded and non-funded items after applying the risk weights as assigned by the RBI.

Tier I capital means owned funds 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 subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund.

Tier II capital includes preference share capital, revaluation reserves, general provisions and loss reserves, hybrid debt capital instruments and subordinate debts to the extent the aggregate does not exceed Tier I capital.

“High Quality Liquid Assets (HQLA)” means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios.

Total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days

63 With regard to the new amendments under “Division III of Schedule III” under “Part II – Statement of Profit and Loss - General Instructions for preparation of Statement of Profit and Loss” :-
(i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
(ii) The Company do not have any transactions with companies struck off.
(iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
(iv) The Company have not traded or invested in Crypto currency or virtual currency during the financial year.
(v) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
(vi) The Company have not any such transactions 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.

64 The figures for the previous period/year have been regrouped/rearranged wherever necessary to conform to current period presentation.

65 Statement on Adjustments to Audited Financial Statements

(Rs in millions unless otherwise stated)

A. Material Restatement Adjustments and Regroupings

A.1 Material Restatement Adjustments

I. Statement of Impact of restatement adjustments on statement of profit and loss

	For the period ended June 30, 2022	For the period ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Total comprehensive income as per Audited Financial Statements	755.26	41.24	219.77	439.47	701.16
Restatement adjustment	-	-	-	-	-
Restated total comprehensive income	**755.26**	**41.24**	**219.77**	**439.47**	**701.16**

II. Adjustments to total equity as per audited financial statements with total equity as per Restated IndAS financial information

	As at June 30, 2022	As at June 30, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
a. Total equity as per Audited Financial Statements*	14,164.65	12,516.51	13,379.51	12,463.55	11,988.89	6,226.64
b. Adjustment for conversion from IGAAP to Ind AS (refer note 55)						31.90
c. Equity as per Ind AS (a+b)	14,164.65	12,516.51	13,379.51	12,463.55	11,988.89	6,258.54
d. Material restatement adjustments						
(i) Audit qualifications	-	-	-	-	-	-
(ii) Other material adjustments	-	-	-	-	-	
- Change in accounting policies	-	-	-	-	-	-
-Other adjustments	-	-	-	-	-	
Total (d)	-	-	-	-	-	-
Total Equity as Restated Restated Ind AS Statement of Assets and Liabilities (c+d)	**14,164.65**	**12,516.51**	**13,379.51**	**12,463.55**	**11,988.89**	**6,258.54**

*The audited financial statements of the Company as at and for the year ended March 31, 2019 were prepared in accordance with the Companies (Accounting Standards) Rules 2006 (as amended) specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014. The audited financial statements as at March 31, 2019 is used as opening balance as at April 1, 2019 for the purpose of Restated Ind AS financial information.

A.2 Non-adjusting items

I There are no qualifications requiring adjustments in the auditors' reports on the audited financial statements of the Company as at and for the years ended March 31, 2022, March 31, 2021 and March 31,2020, however, Auditor's Reports for year ended March 31, 2022, March 31, 2021 and March 31, 2020 included Emphasis of Matter paragraph relating to impact of Coronavirus disease 2019 (COVID-19) on the operations of the Company. Audit opinion for the year ended March 31, 2022, March 31, 2021 and March 31, 2020 is not modified in respect of this matter.

II Qualifications included in the Auditor's Report issued under Companies (Auditor's Report) Order, 2016 for year ended March 31, 2021 and March 31, 2020 and Companies (Auditor's Report) Order, 2020 for the year ended March 31, 2022 as applicable, issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, which do not require any corrective adjustments in the Restated Ind AS financial information are as follows:

For the Year ended March 31, 2022

Clause(c):
In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing microfinance loans, 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 (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause) in this Annexure 1, 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 those instances where there are delays or defaults in repayment of principal and / or interest as at the balance sheet date, in respect of which the Company has disclosed asset classification in note 6 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(d):
In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing microfinance loans, 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 (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause) in this Annexure 1, 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 those instances where there are delays or defaults in repayment of principal and / or interest as at the balance sheet date, in respect of which the Company has disclosed asset classification in note 6 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

For the Year ended March 31, 2021

Clause (x):
Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year except for instances of cash embezzlements by certain employees of the Company aggregating to an amount of Rs. 9,774,795 and out of which amount of Rs. 5,183,900 has been recovered.

For the Year ended March 31, 2020

Clause (x):
Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year except for instances of cash embezzlements by certain employees of the Company aggregating to an amount of Rs. 5,007,600 and out of which an amount of Rs. 2,116,533 has been recovered. The services of the concerned employees have been terminated.

A.3 Material regrouping

Appropriate regroupings have been made in the restated statements of assets and liabilities, profit and loss and cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per the financial statement of the Company for the year ended March 31, 2022 prepared in accordance with Schedule III of the Act, requirements of Ind AS 1 - 'Presentation of financial statements' and other applicable Ind AS principles and the requirements of the SEBI ICDR regulations, as amended.

A.4 Material errors
There are no material errors that require adjustment in the Restated Ind AS Financial Information.

for and on behalf of the Board of Directors of
Fusion Micro Finance Limited
CIN:U65100DL1994PLC061287

Devesh Sachdev
MD and CEO
DIN : 02547111

Ratna Dharashree Vishwanathan
Director
DIN : 07278291

Deepak Madaan
Company Secretary and Compliance Officer

Gaurav Maheshwari
Chief Financial Officer

Place: Gurugram
Date : September 30, 2022

OTHER FINANCIAL INFORMATION

The accounting ratios required under Paragraph 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

Particulars	As of/ for the				
	Three months ended June 30, 2022	**Three months ended June 30, 2021**	**Fiscal 2022**	**Fiscal 2021**	**Fiscal 2020**
Earning per Shre					
Basic – par value of ₹ 10 each	9.07	0.56	2.67	5.56	10.47
Diluted – par value of ₹ 10 each	8.98	0.55	2.64	5.49	10.32
Return on net worth (%)*	5.30 %	0.35 %	1.63%	3.53%	5.81%
Net asset value per Equity Share (in ₹)**	171.10	151.50	161.67	150.92	145.32
EBITDA*** (₹ in million)	2,447.93	1,298.56	5,257.61	4,357.89	4,402.43

* *Return on net worth is calculated as Profit for the period/ year divided by Net worth at the end of the year, derived from Restated Financial Statements. Net worth represents our total equity, which includes equity share capital and other equity derived from our Restated Financial Statements as of the last day of the relevant period/year. For a detailed calculation of our Net worth, see "Other Financial Information" on page 297.*

** *Net asset value per Equity Share is calculated as Total Equity as of the end of relevant period/year Pudivided by the number of Equity Shares outstanding at the end of such period/year. For a detailed calculation of our Total Equity, see "Other Financial Information" on page 323.*

*** *EBITDA is calculated as profit for the period/year plus current tax, deferred tax, finance costs, depreciation and amortization.*

Notes: Basic and diluted earnings per Equity Share are computed in accordance with Indian Accounting Standard (Ind AS) 33 'Earnings per Share' prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

Basic and Diluted EPS and Return on net worth numbers for the three months period ended June 30, 2022 and June 30, 2021 have not been annualised.

The audited financial statements of our Company as at and for the year ended March 31, 2022, March 31, 2021, and March 31, 2020, respectively (**Audited Financial Statements)** are available at www.fusionmicrofinance.com. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements and the reports thereon do not constitute, (i) a part of this Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Audited Financial Statements and the reports thereon should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the "**Group**") and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor any BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

Non-GAAP Reconciliation

Certain non-GAAP measures such as, pre-provision operating profit before tax, EBITDA, net worth, average net worth, net interest income, average borrowing, return on net worth, return on average gross AUM, return on average net worth, average borrowings to average net worth, average net worth to average gross AUM, debt to equity ratio, net asset value per Equity Share, operating expenses, impairment on loan portfolio to average gross loan portfolio, credit loss ratio, credit cost (based on average gross AUM), operating expenses to total income ratio, cost to income ratio, AUM (**"Non-GAAP Measures"**) and certain other statistical information relating to our operations and financial performance presented in this Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its utility as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance. In this regard, see "*Risk Factors - We have presented, in this Red Herring Prospectus, certain non-GAAP financial measures and certain selected statistical information relating to our financial condition and operations. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore, may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.*" on page 51.

Set out below are definitions of certain Non-GAAP Measures and key performance indicators, along with a brief explanation of their calculation.

Reconciliation of pre-provision operating profit before tax

Pre-provision operating profit before tax represents the sum of profit before tax for the relevant period/year and impairment on financial instruments for such period/year derived from our Restated Financial Statements. Set forth below is a computation of our pre-provision operating profit before tax for the period/years indicated:

(in ₹ millions)

Particulars	Three months period ended June 30, 2022	Three months period ended June 30, 2021	Fiscal 2022	Fiscal 2021	Fiscal 2020
Profit before tax for the period/year(A)	1001.29	54.21	244.26	567.91	999.95
Impairment on financial instruments (B)	200.64	691.76	3,686.93	2,207.80	926.99
Pre-provision operating profit before tax (A+B)	**1,201.93**	**745.97**	**3,931.19**	**2,775.71**	**1,926.94**

Reconciliation of profit for the period/year to EBITDA

The table below reconciles profit for the period/year to EBITDA. EBITDA is calculated as profit for the period/year plus current tax, deferred tax, finance costs, depreciation and amortization.

(in ₹ millions)

Particulars	Three months period ended June 30, 2022	Three months period ended June 30, 2021	Fiscal 2022	Fiscal 2021	Fiscal 2020
Profit for the period/year (I)	751.02	44.11	217.55	439.44	696.10
Adjustments:					
Add:					
Current tax (II A)	28.55	142.94	129.77	588.71	395.99
Deferred tax (II B)	221.72	(132.84)	(103.06)	(460.24)	(92.14)
Add: Finance costs (III)	1,431.89	1,234.19	4,959.64	3,751.04	3,376.72
Add: Depreciation and Amortization (IV)	14.75	10.16	53.71	38.94	25.76
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) (V = I + II A + II B+ III + IV)	**2,447.93**	**1,298.56**	**5,257.61**	**4,357.89**	**4,402.43**

Reconciliation of net worth

Net worth represents our total equity, which includes equity share capital and other equity derived from our Restated Financial Statements, as of the last day of the relevant period/year. Set forth below is the computation of our net worth as of the last day of the period/year indicated:

(in ₹ millions)

Particulars	As at				
	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
Equity share capital (A)	827.84	790.66	827.60	790.37	789.50
Other equity (B)	13,336.81	11,725.85	12,551.91	11,673.18	11,199.39
Net worth (A+B)	14,164.65	12,516.51	13,379.51	12,463.55	11,988.89

Reconciliation of average net worth

Average net worth represents the simple average of our net worth as of the last day of the relevant period/year and that as of the last day of the previous period/year. Set forth below is the computation of our average net worth as of the last day of the period/year indicated:

(in ₹ millions)

Particulars	As at					
	June 30, 2022	**June 30, 2021**	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**
Equity share capital (A)	827.84	790.66	827.60	790.37	789.50	
Other equity (B)	13,336.81	11,725.85	12,551.91	11,673.18	11,199.39	
Net worth (A+B)	**14,164.65**	**12,516.51**	**13,379.51**	**12,463.55**	**11,988.89**	**6,258.54**
Average net worth	13,772.08	12,490.03	12,921.53	12,226.22	9,123.72	

Reconciliation of net interest income

Net interest income represents interest income on loan portfolio for the relevant period/year reduced by finance costs for such year derived from our Restated Financial Statements.

(in ₹ millions)

Particulars	Three months period ended June 30, 2022	Three months period ended June 30, 2021	Fiscal 2022	Fiscal 2021	Fiscal 2020
Interest income on loan portfolio (A)	3,278.56	2,480.12	10,566.31	8,059.97	6,499.72
Finance Costs(B)	1,431.89	1,234.19	4,959.64	3,751.04	3,376.72
Net Interest Income (C=A-B)	**1,846.67**	**1,245.93**	**5,606.67**	**4,308.93**	**3,123.00**

Reconciliation of average borrowings

Average borrowings represents the simple average of total borrowings outstanding as of the last day of the relevant period/year and that as of the last day of the previous period/year. Set forth below is the computation of our average borrowings for the period/years indicated:

(in ₹ millions)

Particulars	As at					
	June 30, 2022	**June 30, 2021**	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**
Debt securities (A)	7,537.66	9,858.61	7,837.76	9,904.50	3,998.98	
Borrowings (other than debt securities) (B)	50,935.37	33,270.45	48,294.66	33,250.79	24,571.58	
Subordinated liabilities (C)	1,626.66	1,097.46	1,625.67	1,167.21	1,166.29	
Total borrowings (A+B+C)	60,099.69	44,226.52	57,758.09	44,322.50	29,736.85	29,285.89
Average borrowings	**58,928.89**	**44,274.51**	**51,040.30**	**37,029.68**	**29,511.37**	

Average return on net worth (RoNW)

Particulars	RoNW	Weightage
For the three months period ended June 30, 2022*	5.30	-
For the three months period ended June 30, 2021*	0.35	-
Financial Year ended March 31, 2022	1.63	3
Financial Year ended March 31, 2021	3.53	2
Financial Year ended March 31, 2020	5.81	1
Weighted Average	**2.96%**	

Return on Net Worth (%) = Profit for the period/year divided by Total Equity at the end of the period/year derived from Restated Financial Statements

(1) *Total Equity has been computed as the aggregate of equity and other equity derived from Restated Financial Statements.*

(2) *Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. [(RoNW x Weight) for each year] / [Total of weights]*

** Not annualised*

Set forth below is a reconciliation of our RoNW as per the Restated Financial Statements

Reconciliation of RoNW

Particulars	**Restated Net Worth** ***(₹ in million)***	**Restated Profit after tax**** ***(₹ in million)***	**RoNW (%)**
For the three months period ended June 30, 2022*	14,164.65	751.02	5.30%
For the three months period ended June 30, 2021*	12,516.51	44.11	0.35%
Financial Year ended March 31, 2022	13,379.51	217.55	1.63%
Financial Year ended March 31, 2021	12,463.55	439.44	3.53%
Financial Year ended March 31, 2020	11,988.89	696.10	5.81%

Note: RoNW is computed as net profit after tax divided by closing net worth.
** Not annualised*
***Restated Profit after tax denotes Profit for the period/year as derived from Restated Financial Statements.*

Reconciliation of return on average gross AUM

Return on average gross AUM represents profit for the relevant period/year derived from our Restated Financial Statements as a percentage of average gross AUM for such period/year. Set forth below is the computation of our return on average gross AUM for the period/years indicated:

Particulars	**As at and for the**				
	Three months period ended June 30, 2022	**Three months period ended June 30, 2021**	**Financial Year Ended March 31, 2022**	**Financial Year Ended March 31, 2021**	**Financial Year Ended March 31, 2020**
	(₹ in millions, except percentages)				
Profit for the period/year (A)	751.02	44.11	217.55	439.44	696.10
Average gross AUM (B)	70,874.97	46,344.65	57,119.05	41,221.82	31,239.58
Return on average gross AUM (A/B)*	**4.24%**	**0.38%**	**0.38%**	**1.07%**	**2.23%**

* *Annualised for three months period ended June 30, 2022 and June 30, 2021*

Reconciliation of return on average net worth

Particulars	**As at and for**				
	Three months period ended June 30, 2022	**Three months period ended June 30, 2021**	**Financial Year Ended March 31, 2022**	**Financial Year Ended March 31,2021**	**Financial Year Ended March 31,2020**
	(₹ in millions, except percentages)				
Profit for the period/year (A)	751.02	44.11	217.55	439.44	696.10
Average net worth (B)	13,772.08	12,490.03	12,921.53	12,226.22	9,123.72
Return on average net worth (A/B)*	**21.81%**	**1.41%**	**1.68%**	**3.59%**	**7.63%**

** Annualised for three months period ended June 30, 2022 and June 30, 2021*

Return on average net worth represents profit for the relevant period/year derived from our Restated Financial Statements as a percentage of average net worth for such period/year. Set forth below is the computation of our average net worth for the period/years indicated:

Reconciliation of average borrowings to average net worth

Average borrowings to average net worth represents average borrowings for the relevant period/year as a percentage of average net worth for such period/year. Set forth below is the computation of our average borrowings to average net worth for the period/years indicated:

Particulars	As at				
	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
	(₹ in millions, except ratios)				
Average borrowings (A)	58,928.89	44,274.51	51,040.30	37,029.68	29,511.37
Average net worth (B)	13,772.08	12,490.03	12,921.53	12,226.22	9,123.72
Average borrowings to Average net worth (A/B)	**4.28**	**3.54**	**3.95**	**3.03**	**3.23**

Reconciliation of average net worth to average gross AUM

Average net worth to average gross AUM is calculated as average net worth for the relevant period/year as a percentage of average gross AUM for such period/year. Set forth below is the computation of our average net worth to average gross AUM for the period/years indicated:

Particulars	As at				
	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31, 2020
	(₹ in millions, except ratios)				
Average net worth (A)	13,772.08	12,490.03	12,921,53	12,226.22	9,123.72
Average gross AUM (B)	70,874.97	46,344.65	57,119.05	41,221.82	31,239.58
Average net worth to Average gross AUM (A/B)	**0.19**	**0.27**	**0.23**	**0.30**	**0.29**

Reconciliation of debt to equity ratio

Debt to equity ratio represents our total borrowings divided by total equity attributable to shareholders as of the last day of the relevant period/year derived from our Restated Financial Statements. Total borrowings represents the aggregate of debt securities, subordinate liabilities, borrowings (other than debt securities) as of the last day of the relevant period/year derived from our Restated Financial Statements. Set forth below is the computation of our debt to equity ratio as of the last day of the period/years indicated:

Particulars	As at				
	June 30, 2022	June 30, 2021	March 31, 2022	March 31, 2021	March 31,2020
	(₹ in millions, except ratios)				
Debt securities (A)	7,537.66	9,858.61	7.837.76	9,904.50	3,998.98
Borrowings (other than debt securities) (B)	50,935.37	33,270.45	48,294.66	33,250.79	24,571.58
Subordinated liabilities (C)	1,626.66	1097.46	1,625.67	1,167.21	1,166.29
Total borrowings (D=A+B+C)	**60,099.69**	**44,226.52**	**57,758.09**	**44,322.50**	**29,736.85**
Equity share capital (E)	827.84	790.66	827.60	790.37	789.50
Other equity (F)	13,336,81	11,725.85	12,551.91	11,673.18	11,199.39
Total equity (G=E+F)	14,164.65	12,516.51	13,379.51	**12,463.55**	**11,988.89**
Debt to equity ratio (D/G) (in times)	**4.24**	**3.53**	**4.32**	**3.56**	**2.48**

Reconciliation of net asset value per Equity Share

Particulars	**Total Equity *(₹ in million)***	**Number of Equity Shares Outstanding**	**Net Asset Value per Equity Share**
For the three months period ended June 30, 2022	14,164.65	82,784,498	171.10
For the three months period ended June 30, 2021	12,516.51	82,614,502	151.50
Financial Year ended March 31, 2022	13,379.51	82,760,403	161.67
Financial Year ended March 31, 2021	12,463.55	82,585,762	150.92
Financial Year ended March 31, 2020	11,988.89	82,498,852	145.32

Note: Net Asset Value per Equity Share = Total Equity derived from the Restated Financial Statements / number of equity shares outstanding as at the end of period/year

Reconciliation of operating expenses

Operating expenses represents the aggregate of employee benefits expenses, depreciation and amortization and other expenses for the relevant period/year derived from our Restated Financial Statements. Set forth below is the computation of our operating expenses for the period/years indicated:

Particulars	**Three months period ended June 30, 2022**	**Three months period ended June 30, 2021**	**Fiscal 2022**	**Fiscal 2021**	**Fiscal 2020**
					(₹ in millions)
Employee benefits expenses (A)	722.32	513.66	2,330.66	1,686.40	1,483.33
Depreciation and amortization (B)	14.75	10.16	53.71	38.94	25.76
Other expenses (C)	233.58	145.60	738.29	478.79	490.36
Operating expenses (A+B+C)	**970.65**	**669.42**	**3,122.66**	**2,204.13**	**1,999.45**

Reconciliation of impairment on loan portfolio to Average gross loan portfolio

Impairment on loan portfolio to Average gross loan portfolio represents impairment on financial instruments for the relevant period/year derived from our Restated Financial Statements as a percentage of average gross loan portfolio for such period/year. Average gross loan portfolio for the relevant period/year represents the simple average of our term loans (gross) as of the last day of the relevant period/year and that as of the last day of the previous period/year derived from our Restated Financial Statements.

	As of and for					
Particulars	**Three months period ended June 30, 2022**	**Three months period ended June 30, 2021**	**Financial Year Ended March 31, 2022**	**Financial Year Ended March 31, 2021**	**Financial Year Ended March 31, 2020**	**Financial year ended March 31, 2019**
						₹ in millions, except percentages)
Impairment on loan portfolio (A)	200.24	688.94	3,684.92	2,196.71	913.66	
Joint liability loans (I)	67,330.06	46,341.05	61,454.18	46,129.77	34,400.39	
MSME Loans (II)	1,621.65	351.35	1,331.26	330.55	11.70	
Term Loans (Gross) (I + II)	**68,951.71**	**46,692.40**	**62,785.44**	**46,460.32**	**34,412.09**	**26,141.11**
Average gross loan portfolio (B)	65,868.58	46,576.36	54,622.88	40,436.21	30,276.60	
Impairment on loan portfolio to Average gross loan portfolio (A/B)*	**1.22%**	**5.92%**	**6.75%**	**5.43%**	**3.02%**	

***** *Annualised for three months period ended June 30, 2022, and June 30, 2021*

Reconciliation of credit loss ratio

Credit loss ratio represents loans written off during the relevant period/year as a percentage of average gross loan portfolio. Average gross loan portfolio for the relevant period/year represents the simple average of our Term loans (Gross) as of the last day of the relevant period/year and that as of the last day of the previous period/year derived from our Restated Financial Statements.

Particulars	**As of and for the**					
	Three months period ended June 30, 2022	**Three months period ended June 30, 2021**	**Financial Year Ended March 31, 2022**	**Financial Year Ended March 31, 2021**	**Financial Year Ended March 31, 2020**	**Financial Year Ended March 31, 2019**
						(₹ in millions, except percentages)
Loans written off during the period/ year (A)	1,361	85.93	2,934.39	326.06	352.05	
Joint liability loans (I)	67,330.06	46,341.05	61,454.18	46,129.77	34,400.39	
MSME Loans (II)	1,621.65	351.35	1,331.26	330.55	11.70	

Particulars	As of and for the					
	Three months period ended June 30, 2022	Three months period ended June 30, 2021	Financial Year Ended March 31, 2022	Financial Year Ended March 31, 2021	Financial Year Ended March 31, 2020	Financial Year Ended March 31, 2019
	(₹ in millions, except percentages)					
Term loans (Gross) (I+II)	68,951.71	46,692.40	62,785.44	46,460.32	34,412.09	26,141.11
Average gross loan portfolio (B)	65,868.58	46,576.36	54,622.88	40,436.21	30,276.60	
Credit loss ratio (A/B)	**2.07%**	**0.18%**	**5.37%**	**0.81%**	**1.16%**	

Reconciliation of credit cost (based on average gross AUM)

Credit cost (based on average gross AUM) represents impairment on financial instruments the relevant period/year derived from our Restated Financial Statements as a percentage of average Gross AUM. Set forth below is the computation of our credit cost (based on average gross AUM):

Particulars	As of and for the,					
	Three months period ended June 30, 2022	Three months period ended June 30, 2021	Financial Year Ended March 31, 2022	Financial Year Ended March 31, 2021	Financial Year Ended March 31, 2020	Financial Year Ended March 31, 2019
	(₹ in millions, except percentages)					
Impairment on loan portfolio (A)	200.24	688.94	3,684.92	2,196.71	913.66	
Gross AUM	73,890.23	46,310.99	67,859.71	46,378.39	36,065.24	26,413.91
Average gross AUM (B)	70,874.97	46,344.69	57,119.05	41,221.82	31,239.58	
Credit cost (based on average gross AUM (A/B)	**0.28%**	**1.49%**	**6.45%**	**5.33%**	**2.92%**	

Reconciliation of operating expenses to total income ratio

Operating expenses to total income ratio represents operating expenses for the relevant period/year as a percentage of total income for such period/year derived from our Restated Financial Statements. Set forth below is the computation of our operating cost to total income ratio for the period/years indicated:

Particulars	Three months period ended June 30, 2022	Three months period ended June 30, 2021	Fiscal 2022	Fiscal 2021	Fiscal 2020
	(₹ in millions, except percentages)				
Employee benefits expenses (A)	722.32	513.66	2,330.66	1,686.40	1,483.33
Depreciation and amortization (B)	14.75	10.16	53.71	38.94	25.76
Other expenses (C)	233.58	145.60	738.29	478.79	490.36
Operating expenses (D = A+B+C)	**970.65**	**669.42**	**3122.66**	**2,204.13**	**1,999.45**
Total income (E)	3,604.47	2,649.58	12,013.49	8,730.88	7,303.11
Operating expenses to total income ratio (D/E)	**26.93%**	**25.27%**	**25.99%**	**25.25%**	**27.38%**

Reconciliation of cost to income ratio

Cost to income ratio represents operating expenses (comprises of the aggregate of employee benefits expense, depreciation and amortization and other expenses) as a percentage of total income less finance costs for the relevant period/year derived from our Restated Financial Statements. Set forth below is the computation of our cost to income ratio for the period/years indicated:

Particulars	Three months period ended June 30, 2022	Three months period ended June 30, 2021	Fiscal 2022	Fiscal 2021	Fiscal 2020
	(₹ in millions, except percentages)				
Employee benefits expenses (A)	722.32	513.66	2,330.66	1,686.40	1,483.33
Depreciation and amortization (B)	14.75	10.16	53.71	38.94	25.76
Other expenses (C)	233.58	145.60	738.29	478.79	490.36
Operating expenses (D = A+B+C)	**970.65**	**669.42**	**3122.66**	**2,204.13**	**1,999.45**
Total income (E)	3,604.47	2,649.58	12,013.49	8,730.88	7,303.11
Finance costs (F)	1,431.89	1,234.19	4,959.64	3,751.04	3,376.72
Cost to income ratio (G = (D/(E-F))	**44.68%**	**47.30%**	**44.27%**	**44.26%**	**50.92%**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our Restated Financial Statements included herein as of and for the three months ended June 30, 2022 and 2021 and the financial years ended March 31, 2022, 2021 and 2020, including the related notes, schedules and annexures. Our Restated Financial Statements have been derived from (i) the audited financial statements of our Company as at and for the three months ended June 30, 2022 and 2021, which were prepared in accordance with Ind AS 34, and (ii) the audited financial statements as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020, which were prepared in accordance with the Ind AS, and in each case restated in accordance with the SEBI ICDR Regulations, the Guidance Note and relevant provisions of the Companies Act. See "Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition." on page 57.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year.

We have included various operational and financial performance indicators in this Red Herring Prospectus, many of which may not be derived from our Restated Financial Statements. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. For the purposes of this section, for certain analyses we have used historical methodologies and internal categorizations to enable a consistent representation of our business. Such information may vary from similar information publicly disclosed by us in compliance with applicable regulations in India. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision, and should consult their own advisors and evaluate such information in the context of the Restated Financial Statements and other information relating to our business and operations included in this Red Herring Prospectus.

Unless otherwise indicated, the industry-related information contained in this Red Herring Prospectus is derived from the CRISIL Report dated October 2022 which has been commissioned and paid for by our Company for an agreed fee for the purposes of confirming our understanding of the industry exclusively in connection with the Offer. A copy of the CRISIL Report is available on the website of our Company at https://fusionmicrofinance.com/wp-content/uploads/2022/10/Consent-Letter-CRISIL.pdf. We officially engaged CRISIL Research, a division of CRISIL Limited, in connection with the preparation of the CRISIL Report on March 13, 2021. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant 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 19 and 27, respectively.

Overview

We founded our Company with the core idea of creating opportunities at the bottom of the pyramid, and we do so by providing financial services to unserved and underserved women in rural and peri-rural areas across India. We believe that our network and services have improved accessibility to formal credit at affordable prices, thereby positively impacting the lives of our customers in rural India, and we were one of the youngest companies (in terms of getting an NBFC-MFI licence) among the top NBFC-MFIs in India in terms of AUM as of June 30, 2022, according to CRISIL. In addition, had the fourth fastest gross loan portfolio CAGR of 53.89% between the financial years 2017 and 2021 among the 10 largest NBFC-MFIs in India, according to CRISIL. As of June 30, 2022 and March 31, 2022, 2021 and 2020, our total AUM was ₹73,890.23 million, ₹67,859.71 million, ₹46,378.39 million and ₹36,065.24 million, respectively. We believe we have achieved this through our commitment over the years to our key pillars of growth comprising customer centricity, strategic geographic diversification with a rural focus, embracing technology for growth, emphasis on nurturing and developing our personnel, good corporate governance, stakeholder management and prudent risk management, as well as ability to raise growth capital through the support of marquee investors even during difficult macroeconomic conditions.

We have prioritized organic geographic diversification since our inception in 2010, with a focus on strategic management of state concentration risk by expanding into underpenetrated rural areas that offer significant growth opportunities. As a result, we have achieved a significant footprint across India, where we have extended our reach to 2.90 million active borrowers which were served through our network of 966 branches and 9,262 permanent employees spread across 377 districts in 19 states and union territories in India, as of June 30, 2022. We believe that our significant footprint of active borrowers and branch network puts us in a vantage position to further penetrate and deepen our presence in areas in which we have established branch infrastructure but remain relatively untapped and also to expand into new regions that have significant growth potential. Our extensive and geographically diverse distribution network allows us to offer "last-mile" connectivity to our customers in remote rural areas. According to CRISIL, we had the fourth lowest gross loan portfolio per district and second lowest gross loan portfolio per customer among the top ten NBFC-MFIs in India, for the financial year 2022, demonstrating better diversification and lower risk per customer. As a result of our active management of state concentration, we have been able to maintain low levels of AUM concentration per state despite our growth over the years. As of June 30, 2022, no single state contributed to more than 20.00% of our total AUM, and our proportion of AUM in our five largest states in terms of AUM concentration has further decreased from ₹6,124.90 million or 94.61% of our total AUM as of March 31, 2016 to ₹48,854.21 million or 66.12% of our total AUM as of June 30, 2022.

As of June 30, 2022, our share of AUM from customers in rural areas represented 91.37% of our total AUM. Our focus customer segment is women in rural areas with an annual household income of up to ₹300,000. Our business runs on a joint liability group-lending model, wherein a small number of women form a group (typically comprising five to seven members) and guarantee one another's loans. We believe this model ensures credit discipline through peer support within the group, making our customers prudent in conducting their financial affairs and prompt in repaying their loans. Our key product offerings are income-generating loans that provide capital for women entrepreneurs in rural areas to fund businesses operating in the agriculture-allied and agriculture, manufacturing and production, trade and retail, and services sectors. Subject to certain eligibility criteria, we also offer our existing customers top-up loans to manage interim working capital requirements for existing businesses as well as emergency loans to fund urgent financial needs arising as a result of unforeseen events such as health emergencies, natural disasters and family bereavements. In addition, we offer our existing customers cross-sell loans that are utilized for livelihood and productivity enhancing purposes as well as MSME loans to eligible enterprises.

We believe we have been able to optimize our cost of funds, liquidity requirements and capital management over the years, notwithstanding difficult market conditions, due to our prudent liability management, ability to secure sufficient and diversified borrowings on competitive terms and improving credit ratings. We benefit from a large and diversified mix of 56 lenders comprising a range of public banks, private banks, foreign banks and financial institutions, as of June 30, 2022. According to CRISIL, we had the second highest number of lender relationships among the top 10 NBFC-MFIs in India as of March 31, 2022. We have been able to consistently raise both debt and equity capital over the years and, in turn, have maintained healthy capital adequacy ratios despite challenging environments. Our average effective cost of borrowings have declined at a steady rate and was 10.10%, 10.43%, 11.23% and 12.33% for the three months ended June 30, 2022 and the financial years 2022, 2021 and 2020, respectively. We also have a dedicated ALM committee that regularly reviews and monitors the maturity schedule for all our financial liabilities in accordance with our asset liability management ("**ALM**") policies and guidelines. As a result of our prudent ALM standards, we had favorable asset-liability positions and positive interest rate gaps across all time buckets, as of June 30, 2022. Our long-term credit ratings have improved from a rating of "BBB" by CARE as of March 31, 2017 to a rating of "A-" by CRISIL, CARE and ICRA as of June 30, 2022, making us one of the youngest NBFC-MFIs with such a strong credit rating, according to CRISIL.

We also believe that our robust underwriting processes and risk management policies, such as our extensive customer assessment methodologies and monitoring systems, have resulted in healthy portfolio quality indicators such as low rates of gross NPAs and net NPAs. As of June 30, 2022 and March 31, 2022, 2021 and 2020, our gross NPA ratio was 3.67%, 5.71%, 5.51% and 1.12%, respectively, and our net NPA ratio was 1.35%, 1.64%, 2.20% and 0.38%, respectively.

Technology is an integral part of our overall business strategy. Through our early adoption of cloud computing software and emphasis on best-in-class security practices, we have established a foundation in enabling automation and digitalization of several processes across our business functions including customer onboarding, customer service, loan disbursements, internal audit and risk management. We continue to invest in and upgrade our technology platforms and solutions with the goal of applying a comprehensive "Touch & Tech" model across our operations that focuses on maintaining frequent technology-based communication points that enhance efficiency and customer experience. For the three months ended June 30, 2022 and the financial years 2022 and 2021, all of our customers were onboarded digitally. For the same period/years, our cashless disbursements amounted to ₹18,633.71 million, ₹57,021.11 million and ₹33,033.87 million, representing 96.26%%, 94.38% and 89.86% of our total disbursements for such period/years, respectively. We believe our technology initiatives have and will continue to be instrumental in optimizing operational efficiency, enhancing customer experience and minimizing costs.

We are committed to fostering a workplace culture with high standards of transparency, fiscal accountability, ethical corporate behavior and fairness to all stakeholders. Stemming from our high standards in corporate governance, we have been awarded a score of 96.00% on the Code of Conduct Assessment for MFIs in India, which is measured based on indicators of transparency, client protection, governance, recruitment, client education, grievance redress and data sharing, by M-CRIL, a global leader in the financial rating of microfinance institutions. In addition, we have been awarded the "Gold" Client Protection Certification from the Social Performance Task Force ("**SPTF**") and CERISE in respect of their client protection standards, including product design and pricing, customer care and transparency and customer data privacy. We were also featured on India's "Great Place to Work" list consecutively in the financial years 2021 and 2020, demonstrating our commitment to nurturing talent and creating an enabling environment for our people to grow and excel. We are led by a stable and experienced management team supported by marquee investors and a Board of experienced management professionals, half which are independent directors. Several key members of our senior management team, who have significant expertise and experience in the banking and financial services industry in India, have been with our Company for over five years and have, together, successfully scaled our business with improving profitability. We are led by our Managing Director and Chief Executive Officer, Mr. Devesh Sachdev, who has 26 years of experience in the banking and financial services industry.

We believe that the foregoing has enabled us to successfully scale our operations, maintain consistent growth in AUM and reduce our costs. This has, in turn, facilitated our ability to continue enhancing our operating leverage and increasing profitability despite tough market conditions, including through the current COVID-19 pandemic. The following table sets forth our key financial and operational metrics as of and for the period/years indicated:

	As of and for the Three Months Ended June 30,		**As of and for the Financial Years ended March 31,**		
	2022	**2021**	**2022**	**2021**	**2020**
Particulars	***(₹ in millions, except otherwise indicated)***				
Gross AUM[1]	73,890.23	46,310.91	67,859.71	46,378.39	36,065.24
Period-on-period / year-on-year growth in AUM	59.56%	36.31%	46.32%	28.60%	36.54%
Disbursements[2]	19,830.37	7,614.62	61,797.77	37,102.95	35,740.43
Period-on-period / year-on-year growth in disbursements	160.42%	4,093.53%	66.56%	3.81%	26.72%
Active borrowers[3] *(numbers in millions)*	2.90	2.16	2.72	2.12	1.87
Total income[4]	3,604.47	2,649.58	12,013.49	8,730.88	7,303.11
Pre-provision operating profit before tax[5]	1,201.93	745.97	3,931.19	2,775.71	1,926.94
Profit for the period/year[6]	751.02	44.11	217.55	439.44	696.10
Net interest income[7]	1,846.67	1,245.93	5,606.67	4,308.93	3,123.00
Net interest margin[8]	–	8.70%	8.39%[21]	9.22%	8.85%
Average yield on loan portfolio[9]	19.48%	19.53%	18.82%	20.45%	21.18%
Average effective cost of borrowings[10]	10.10%	10.83%	10.43%	11.23%	12.33%
Cost to income ratio[11]	44.68%	47.30%	44.27%	44.26%	50.92%
Gross NPA ratio[12]	3.67%	6.19%	5.71%	5.51%	1.12%
Net NPA ratio[13]	1.35%	2.81%	1.64%	2.20%	0.38%
Impairment allowance coverage ratio[14]	96.57%	119.63%	100.54%	111.49%	255.50%
CRAR[15]	21.13%	27.16%	21.94%	27.26%	35.82%
CRAR – Tier I [16]	19.45%	25.17%	19.93%	25.52%	33.08%
Debt to equity ratio[17] *(times)*	4.24	3.53	4.32	3.56	2.48
Net worth[18]	14,164.65	12,516.51	13,379.51	12,463.55	11,988.89
Return on average net worth[19]	21.81%	1.41%	1.68%	3.59%	7.63%
Return on average gross AUM[20]	4.24%	0.38%	0.38%	1.07%	2.23%

Notes:

(1) Gross AUM represents the aggregate of principal outstanding for all loans to customers and assets pertaining to securitization, assignment and business correspondent portfolio, as of the last day of the relevant period/year.

(2) Disbursements represent the aggregate of all loan amounts extended to all our customers for the relevant period/year.

(3) Active borrowers refers to our borrowers which had an active account as of the last day of the relevant period/year.

(4) Total income represents our total income for the relevant period/year.

(5) Pre-provision operating profit before tax represents the sum of profit before tax for the relevant period/year and impairment on financial instruments for such period/year derived from our Restated Financial Statements. For a detailed calculation of our pre-provision operating profit before tax, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 324.

(6) Profit for the period/year represents profit for the relevant period/year.

(7) Net interest income represents interest income on portfolio for the relevant period/year reduced by finance costs for such period/year derived from our Restated Financial Statements.

(8) Net interest margin represents net interest income for the relevant period/year as a percentage of average loans to customers for such period/year. Average loans to customers represents the simple average of our loans to customers as of the last day of the relevant period/year and that as of the last day of the previous year derived from our Restated Financial Statements.

(9) Average yield on loan portfolio represents interest income earned for the relevant period/year as a percentage of monthly average loan portfolio outstanding for such period/year.

(10) Average effective cost of borrowings represents finance cost as a percentage of average outstanding borrowing for the relevant period/year.

(11) Cost to income ratio represents operating expenses (which comprises the aggregate of employee benefits expense, depreciation and amortization and other expenses) as a percentage of total income less finance costs for the relevant period/year derived from our Restated Financial Statements. For a detailed calculation of our cost to income ratio, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 329.

(12) Gross NPA ratio represents Stage III Assets (Gross NPAs) as of the last day of the relevant period/year as a percentage of term loans (gross) for such period/year derived from our Restated Financial Statements.

(13) Net NPA ratio represents Stage III Assets (Gross NPAs) as of the last day of the relevant period/year as reduced by impairment allowance on Stage III Assets (Gross NPAs) for such period/year, as a percentage of term loans (gross) for such period/year derived from our Restated Financial Statements.as of the last day of the relevant period/year.

(14) Impairment allowance coverage ratio represents the ratio of total impairment allowance on term loans (gross) derived from our Restated Financial Statements to Stage III Assets (Gross NPAs) for the relevant period/year.

(15) CRAR represents our total capital (Tier I and Tier II capital) divided by our total risk-weighted assets, calculated in accordance with RBI guidelines. Tier I capital means owned funds 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 subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund.

(16) CRAR – Tier I represents our total Tier I capital divided by our total risk-weighted assets, calculated in accordance with RBI guidelines.

(17) Debt to equity ratio represents our total borrowings divided by total equity attributable to shareholders as of the last day of the relevant period/year derived from our Restated Financial Statements. Total borrowings represents the sum of debt securities, borrowings (other than debt securities) and subordinated liabilities as of the last day of the relevant period/year derived from our Restated Financial Statements. For a detailed calculation of our debt to equity ratio, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 327.

(18) Net worth represents our total equity, which includes equity share capital and other equity derived from our Restated Financial Statements as of the last day of the relevant period/year. For a detailed calculation of our net worth, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 324.

(19) Return on average net worth represents profit for the relevant period/year as a percentage of average net worth for such period/year. For a detailed calculation of our return on average net worth, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 326.

(20) Return on average gross AUM represents profit for the relevant period/year as a percentage of average gross AUM for such period/year. For a detailed calculation of our return on average gross AUM, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 326.

(21) Net interest margin for the financial year 2022 was subject to interest reversals as a result of the COVID-19 pandemic on PAR>90 assets.

Significant Factors Affecting our Results of Operations

Our results of operations and financial condition are affected by a number of important factors including:

Performance and Growth of the Indian Microfinance Industry and Indian Economy

As an NBFC-MFI, we are impacted and will continue to be impacted by the performance of the microfinance industry in India, especially in rural India where our operations are focused. The low penetration of banking credit in rural India provides an opportunity for all lending and deposit accepting institutions to expand their businesses in rural areas. The industry's gross loan portfolio increased at a CAGR of 21% since the financial year 2018 to reach approximately ₹3.1 trillion in the first quarter of the financial year 2023. CRISIL attributes this increase in demand for microfinance products and services to improving awareness and reach leading to increased volumes, as well as rise in inflation and higher number of borrowers in higher loan cycles driving higher ticket sizes. This overall increase in market size has contributed to the growth of our business over the last few years.

However, certain events in the past have disrupted the growth of the microfinance industry and adversely impacted the overall industry's disbursements as well as repayment and collection efficiency rates. For example, in November 2016, the Indian government announced the demonetization of bank notes of ₹500 and ₹1,000. Around 86.00% of Indian currency in terms of value was removed from circulation. Subsequently, the outbreak of the

COVID-19 pandemic has impacted the Indian economy and our industry, see "– *Current COVID-19 Pandemic*" on page 338. Any such disruptive events in the future may adversely affect our results of operations. See also "*Industry Overview*" on page 117.

Further, as our focus is providing micro-loans to women in rural areas, our results of operations are particularly affected by the performance and the future growth potential of microfinance in rural India. According to CRISIL, the significant under-penetration of credit in rural areas offers strong potential for improvement and that given the relatively deeper reach, existing client relationships and employee base, microfinance institutions are well placed to address this demand which is currently being met by informal sources such as local money lenders. As of June 30, 2022, ₹67,511.99 million or 91.37% of our total AUM was from rural areas. We expect to benefit from the expected growth potential for microfinance in rural India. On the other hand, we are also exposed to the general risks relating to the microfinance industry and our rural customer segment. For instance, our clients typically have limited sources of income, savings and credit histories and our loans are typically provided free of collateral. Such clients generally do not have a high level of financial resilience, and, as a result, they can be adversely affected by declining economic conditions and natural calamities. In addition, we rely on non-traditional guarantee mechanisms rather than tangible assets as collateral, which may not be effective in recovering the value of our loans. For a discussion of the risks relating to the nature of microfinance loans, see "*Risk Factors – Internal Risks – Risks Relating to our Business – The microfinance industry in India faces unique risks due to the category of borrowers that it services, which are generally not associated with other forms of lending.*" on page 33.

As a financial institution operating in India, our financial condition and results of operations are also influenced by the general economic conditions and particularly macroeconomic conditions in India. Key macroeconomic factors that may affect the Indian economy and, in turn, demand for our products and the quality of our loan portfolio include, among others, (i) demographic conditions and population dynamics, (ii) economic development, shifting of wealth and employment rates, (iii) political measures and regulatory developments, such as tax incentives and general political stability, (iv) fiscal and monetary dynamics, such as volatility in interest rates, foreign exchange rates and inflation rates, (v) political and regulatory developments on the Indian economy, and (vi) major public health issues such as the current COVID-19 pandemic.

Availability of Cost-Effective Sources of Funding and Fluctuations in Interest Rates

The liquidity and profitability of our business depend, in large part, on our timely access to, and the costs associated with, raising funds. As of June 30, 2022, we had total borrowings amounting to ₹60,099.69 million, comprising debt securities amounting to ₹7,537.66 million, borrowings (other than debt securities) amounting to ₹50,935.37 million and subordinated liabilities amounting to ₹1,626.66 million. For further details on our borrowing profile and the maturity profile of our borrowings, see "*Selected Statistical Information – Financial Metrics – Borrowing Profile*" and "*Selected Statistical Information – Financial Metrics – Asset Liability Management*" on pages 359 and 361 respectively.

As an NBFC-MFI, we have access to diverse sources of liquidity, including from both domestic and international financial markets. Our primary sources of funds include term loans from banks and financial institutions, NCDs, subordinated debt instruments and securitization and assignment of loan portfolios. As of June 30, 2022, we had a large and diversified mix of 56 lenders, comprising a range of public banks, private banks, foreign banks and financial institutions. We believe that having such a diversified debt profile ensures we are not overly dependent on any one type or source for funding and enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management.

Our ability to meet demand for new loans will depend on our ability to obtain financing on acceptable and cost-effective terms. Our debt service costs and overall cost of borrowings depend on many external factors, including developments in the Indian credit markets, in particular interest rate movements and the existence of adequate liquidity in the debt markets, monetary policies of the RBI, as well as domestic and international economic and political conditions and external interventions. Internal factors that affect our cost of borrowings include our credit ratings, cash flows and available credit limits. Our long-term credit ratings have improved from a rating of "BBB" by CARE as of March 31, 2017 to a rating of "A-" by CRISIL, CARE and ICRA as of June 30, 2022, making us one of the youngest NBFC-MFIs with such a strong credit rating, according to CRISIL.

In addition, our results of operations are affected to a large extent on the level of our net interest income, which represents the difference between the interest rates that we charge on loans (i.e. interest income on loan portfolio) and the interest rates that we pay on interest-bearing liabilities (i.e. finance costs). Consequently, we also depend substantially on our ability to effectively manage our finance costs and the impact of fluctuations in interest rates.

Our finance costs comprise interest on debt securities, interest on borrowings (other than debt securities), interest on subordinated liabilities, interest on lease liability and other finance costs. The annual interest rates we charge to our customers on our income-generating loans, which comprise a substantial part of our total AUM and revenue, is fixed over the period of the loan and is currently 22.65% for the first loan cycle and 22.25% for subsequent loan cycles. The term of an income-generating loan is typically 11 to 24 months.

The following table sets forth certain key indicators as of and for the period/years indicated, in connection with this factor:

Particulars	As of and for the Three Months Ended June 30,		As of and For the Financial Years Ended March 31,		
	2022	2021	2022	2021	2020
	(₹ in millions except percentages)				
Total borrowings[(1)]	60,099.69	44,226.52	57,758.09	44,322.50	29,736.85
Finance costs	1,431.89	1,234.19	4,959.64	3,751.04	3,376.72
Average effective cost of borrowings[(2)]....	10.10%	10.83%	10.43%	11.23%	12.33%
Net interest income[(3)]...............................	1,846.67	1,245.93	5,606.67	4,308.93	3,123.00
Net interest margin[(4)]	–	8.70%	8.39%[(5)]	9.22%	8.85%

Notes:

(1) Total borrowings represents the aggregate of borrowings including debt securities, subordinate liabilities, borrowing other than debt securities as of the last day of the relevant period/year derived from our Restated Financial Statements. For a detailed calculation of our total borrowings, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 327.

(2) Average effective cost of borrowings represents finance costs for the relevant period/year as a percentage of average outstanding borrowing for such period/year.

(3) Net interest income represents interest income on loan portfolio for the relevant period/year reduced by finance costs for such period/year derived from our Restated Financial Statements. For a detailed calculation of our net interest income, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 325.

(4) Net interest margin represents net interest income for the relevant period/year as a percentage of average loans to customers for such period/year. Average loans to customers represents the simple average of our loans to customers as of the last day of the relevant period/year and that as of the last day of the previous year derived from our Restated Financial Statements.

(5) Net interest margin for the financial year 2022 was subject to interest reversals as a result of the COVID-19 pandemic on PAR>90 assets.

See also "*Risk Factors – Internal Risks – Risks Relating to our Business – Any disruption in our sources of funding or increase in costs of funding could adversely affect our liquidity and financial condition.*" and "*Risk Factors – Internal Risks – Risks Relating to our Business – Our business is particularly vulnerable to interest rate risk, and volatility in interest rates could have an adverse effect on our net interest income and net interest margin, thereby affecting our results of operations and cash flows.*" on pages 37 and 35 respectively.

Our Credit Quality and Levels of Provisions and Write-offs

Our ability to manage the credit quality of our loans is a key driver of our results of operations. We follow a "three stage" model for impairment based on changes in credit quality since initial recognition, see "*– Significant Accounting Policies – Impairment of Financial Assets*" on page 341. As the number of our loans that become NPAs increases, the credit quality of our loan portfolio decreases, which leads to an increase in our provisions and write-offs, thereby adversely affecting our profitability and margins. Our credit quality is also susceptible to external events that impact the industry as a whole. For example, on March 27, 2020, the RBI issued guidelines relating to the COVID-19 regulatory package to provide borrowers relief during the COVID-19 pandemic. This included a three-month moratorium on the payment of all principal amounts and interest falling due between March 1, 2020 and May 31, 2020. The RBI subsequently extended the moratorium on loan instalments by another three months, from June 1, 2020 to August 31, 2020. Accordingly, we offered moratorium on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers. Moratorium was granted by us to a total of 1,763,955 borrowers valued at ₹1,685.82 million to be repaid by borrowers over a period of up to 24 months, which significantly affected our results of operations and financial condition for the financial year 2021.

With a view to minimizing provisions and write-offs, we maintain robust diversification, risk management, credit assessment and expansion policies. For example, we seek to mitigate concentration risk in our loan portfolio through well-defined geographic and borrower concentration limits. We limit our gross loan portfolio attributable to a single state and a single district to a maximum of 20.00% and 4.00%, respectively, of our total gross loan portfolio. In addition, our maximum credit limit for a single microfinance customer is ₹90,000. Our customer due diligence procedures encompass multiple levels of checks and controls designed to assess the quality of customers and to confirm that they meet our stringent selection criteria, and include comprehensive evaluation of repayment capacity and detailed cash flows analysis of the customer as well as thorough group training sessions and knowledge testing. We utilize credit bureau data to verify customer details and obtain information on past credit behavior. Further, we employ proactive practices that involve frequent evaluations of portfolio risk levels on a periodic basis and rigorous monitoring and analysis of cash disbursements and collection, roll rates and customer retention at both branch and head office levels, which minimize the incidence of bad debts. For further details, please see "*Our Business – Description of our Business – Lending Process*" and "*Our Business – Description of our Business – Risk Management*" on pages 189 and 192 respectively.

We believe that our well diversified geographic portfolio, credit assessment policies and effective risk management policies have resulted in healthy asset quality. The following table sets forth certain information on our NPAs as of and for the period/years indicated:

Particulars	As of and For the Three Months Ended June 30,		As of and For the Financial Year Ended March 31,		
	2022	2021	2022	2021	2020
Gross NPAs(1) *(₹ in millions)*..........................	2,529.39	2,888.90	3,584.27	2,558.90	384.49
Gross NPA ratio(2)	3.67%	6.19%	5.71%	5.51%	1.12%
Net NPAs(3) *(₹ in millions)*.............................	927.68	1,312.67	1,030.28	1,023.67	130.45
Net NPA ratio(4)..	1.35%	2.81%	1.64%	2.20%	0.38%
Impairment allowance coverage ratio(5) (%)....	96.57%	119.63%	100.54%	111.49%	255.50%

Notes:

(1) Gross NPAs represents our portfolio of Stage III Assets (overdue for more than 90 days) as of the last day of the relevant period/year.

(2) Gross NPA ratio represents Stage III Assets (Gross NPAs) as of the last day of the relevant period/year as a percentage of term loans (gross) for such period/year derived from our Restated Financial Statements.

(3) Net NPAs represents Stage III Assets (Gross NPAs) as of the last day of the relevant period/year as reduced by impairment allowance on Stage III Assets for such period/year.

(4) Net NPA ratio represents Stage III Assets (Gross NPAs) as of the last day of the relevant period/year as reduced by impairment allowance on Stage III Assets (Gross NPAs) for such period/year, as a percentage of term loans (gross) for such period/year derived from our Restated Financial Statements as of the last day of the relevant period/year.

(5) Impairment allowance coverage ratio represents the ratio of total impairment allowance on term loans (gross) derived from our Restated Financial Statements to Stage III Assets (Gross NPAs) for the relevant period/year.

Our Ability to Manage Operating Expenses

Controlling our operating expenses is critical in maintaining our profitability. We intend to further grow our business operations by mining deeper and attracting new customers in our existing markets that remain relatively untapped as well as entering new regions where borrowers are underserved and there is lower penetration by microfinance companies. Our results of operations will therefore be affected by our ability to manage operating expenses, which comprise employee benefits expenses, depreciation and amortization and other expenses.

As we expand our core business and our product and service offerings to our borrowers, we will need to increase headcount by adding relationship officers, branch managers, area managers and other support staff which would, in turn, lead to an increase in employee benefits expenses. For the three months ended June 30, 2022 and 2021, and the financial years 2022, 2021 and 2020, our employee benefits expenses amounted to ₹722.32 million, ₹513.66 million, ₹2,330.66 million, ₹1,686.40 million and ₹1,483.33 million, respectively, representing 74.42%, 76.73%, 74.64%, 76.51% and 74.19% of our operating expenses (which includes employee benefits expenses, depreciation and amortization and other expenses derived from our Restated Financial Statements), respectively. In addition, our relationship officers incur traveling and conveyance as well as lodging and boarding expenses visiting villages, many of which are remote, to market and sell our products and services, maintain member relationships, conduct meetings, disburse loans, collect repayments and report transactions at local banks. Such expenses would also increase in line with the growth of our business. For the three months ended June 30, 2022 and 2021, and the financial years 2022, 2021 and 2020, our other expenses, which comprised primarily of office maintenance, rent, travelling and conveyance, and rates and taxes, amounted to ₹233.58 million, ₹145.60 million, ₹738.29 million, ₹478.79 million and ₹490.36 million respectively, representing 24.06%, 21.75%, 23.64%, 21.72% and 24.52% of our operating expenses (which includes employee benefits expenses, depreciation and amortization and other expenses derived from our Restated Financial Statements), respectively.

Going forward, as we further increase our loan portfolio and expand our operations, we expect to derive benefits from economies of scale, which we believe will assist us in optimizing our operating expenses. We expect to derive scale and cost benefits, as there is no incremental sourcing cost for existing customers and they may be eligible to borrow higher loan amounts from us since they have progressed to higher loan cycles. We focus on the retention of existing clients by timely disbursement of loans and also on acquiring new clients by leveraging our existing and new branch infrastructure. Further, we continue to identify and implement measures that we believe will enable us to sustain and further decrease the ratio of our operating expenses to our total revenue. For example, in our business operations, we follow streamlined and uniform processes and procedures, which allows us to maintain operational efficiencies even as we expand our volume of loans. We also continue to invest in our technology platform and technology-enabled operating procedures to increase operational and management efficiencies. Any failure to derive benefits or utilize technology to maintain or lower our operating margins will adversely affect our profitability.

Changes in Policies and Regulations Governing the Microfinance Industry

The microfinance industry is highly regulated, and has been affected by changes in laws and regulations in the past, which have affected its growth. As an NBFC-MFI, we will continue to be affected by a number of regulations promulgated by the RBI that regulate, among other things, NPA and provisioning norms, capital adequacy norms and other lending stipulations and other operational restrictions. For instance, we were affected by regulations imposed in response to the COVID-19 pandemic such as, in particular, the RBI's imposition of a moratorium on the payment of all principal amounts and interest falling due between March 1, 2021 and August 31, 2021. In addition, the RBI's Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 of March 14, 2022, as amended, stipulated, amongst other things, a definition of microfinance loans as collateral-free loans given to households with an annual income of up to ₹300,000 and a limitation on monthly repayments under all of a given household's loans to a maximum of 50% of its monthly income. For details on the changing laws and regulations governing the financial services industry in India and laws and regulations in applicable to us generally, see "*Key Regulations and Policies*" on page 201.

Any change in the regulatory framework affecting NBFC-MFIs, and in particular those requiring to maintain certain financial ratios, accessing funds or lending to NBFC-MFIs by banks among others including priority-sector lending norms, would affect our results of operations and growth. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Our ability to function in this environment will depend on our ability to constantly monitor and promptly react to legislative and regulatory changes.

See also "*Risk Factors – Internal Risks – Risks Relating to our Business – We are subject to laws and regulations governing the financial services industry and our operations in India and changes in, and differing interpretations of, laws and regulations governing us could adversely affect our business, results of operations and prospects.*" on page 36.

Current COVID-19 Pandemic

The COVID-19 pandemic and the preventative or protective actions that governments around the world have taken to counter the effects of the pandemic have resulted in an extended period of business disruption and a decrease in economic activity in several countries, including in India. In order to contain the spread of the COVID-19 pandemic, the Government of India along with State Governments declared a lockdown of the country in March 2020, including severe travel and transport restriction and a directive to all citizens to shelter in place. The lockdown has since been extended several times with gradual relaxations of the restrictions conducted through phases. As a result, the current COVID-19 pandemic has adversely affected workforces, consumer sentiment, economies and financial markets around the world and has led to uncertainty in the global economy and significant volatility in global financial markets. More recently, throughout March and April 2021, due to an increase in the number of daily COVID-19 cases, several state governments in India re-imposed lockdowns, curfews and other restrictions to curb the spread of the virus.

The COVID-19 pandemic and the measures taken to reduce the spread of the virus have had and are likely to continue to have negative impacts on our business, such as adverse effects on our customers' ability to make timely repayments on their loans, disruptions in our operations, limitations on our employees' ability to work and travel, significant changes in the economic or political conditions in India and other countries in which we operate, financial market volatility, restrictions on our access to sources of liquidity, and demand for our products, including consequential reductions in our AUM. We witnessed an increase in our gross NPA ratio from 1.12% as of March 31, 2020 to 5.51% as of March 31, 2021 and to 5.71% as of March 31, 2022, and was to 6.19% and 3.67% as of as of June 30, 2021 and June 30, 2022, respectively; an increase in our impairment loss allowance from ₹982.36 million as of March 31, 2020 to ₹2,853.02 million as of March 31, 2021 and to ₹3,603.50 million as of March 31, 2022, which decreased to ₹2,442.74 million as of June 30, 2022; as well as a decrease in our collection efficiency rate from 98.36% for the financial year 2020 to 96.38% for the financial year 2021, to 92.32% for the financial year 2022, and was 88.42% and 95.22% for the three months ended June 30, 2021 and 2022, respectively. CRISIL expects India's microfinance sector to grow at 18-20% CAGR between the financial years 2022 and 2025.

There is a significant degree of uncertainty regarding future economic conditions and estimates of the impact of the COVID-19 pandemic on the Indian microfinance industry and overall economy and, in turn, our AUM size, revenues and profitability. To the extent the current COVID-19 pandemic adversely affects our Company, it may also significantly increase the effect of the other factors affecting our business and results of operations. See also "*Risk Factors – Internal Risks – Risks Relating to our Business – The extent to which the Coronavirus disease ("COVID-19") may affect our business and operations in the future is uncertain and cannot be predicted*." on page 27.

Significant Accounting Policies

Our Restated Financial Statements has been prepared specifically in connection with the Offer. Our Restated Financial Statements has been prepared to comply in all material respects with the requirements of Section 26 of Part I of Chapter III of the Companies Act, relevant provisions of the SEBI ICDR Regulations and the Guidance Note. Our Restated Financial Statements has been compiled from the audited financial statements of our Company as at and for the three years ended June 30, 2022 and June 30, 2021 and the years ended March 31, 2022, March 31, 2021 and March 31, 2020 which were prepared in accordance with Ind AS and restated in accordance with the SEBI ICDR Regulations, the Guidance Note and relevant provisions of the Companies Act.

The preparation of our Restated Financial Statements requires our Company's management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and the accompanying disclosures, as well as the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

Set forth below is a summary of our most significant accounting policies under Ind AS.

Recognition of Income and Expenses

Our Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to our Company and the revenue can be reliably measured.

Interest income

Interest revenue is recognized using the effective interest rate ("**EIR**") method. The EIR method calculates the amortised cost of a financial instrument and allocates the interest income or interest expense over the relevant period. Our Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than the credit impaired assets. When a financial asset becomes credit impaired and is, therefore, regarded as "Stage III," our Company calculates the interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets are cured and is no longer credit-impaired, our Company reverts to calculating interest income a gross basis.

Dividend income

Dividend income is recognized when our Company's right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

Net gain on derecognition of financial instruments under amortised cost category

Where the derecognition criteria as per Ind AS 109 is satisfied, including for transactions of substantially all the risks and rewards relating to assets being transferred to the buyer, the assets are derecognized. Income from assignment transactions i.e. present value of excess interest spread is recognized.

Net gain/loss on fair value changes

Our Company recognizes the fair value on investment in mutual funds in the statement of profit and loss in accordance with Ind AS 109.

Interest expense

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortised over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

Revenue from contracts with customers

Our Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 – Financial Instruments is applicable) based on a comprehensive assessment model as set out in Ind AS 115 – Revenue from Contracts with Customers. Our Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

(a) Facilitation fees income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognized on successful sales on behalf of other entities subject to there being no significant uncertainty of its recovery.

(b) Revenue from business correspondence services is recognized at the point in time when the performance obligation is satisfied as per agreed terms and conditions of the contract.

(c) Our Company recognizes revenue from market support services upon satisfaction of the performance obligation by rendering of services underlying the contract with third-party customers.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognized on the trade date, i.e., the date that our Company becomes a party to the contractual provisions of the instrument. Loans are recognized when funds are disbursed to the customer's accounts. Our Company recognizes debt securities, deposits and borrowings when funds reach our Company.

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss ("**FVTPL**"), transaction costs are added to or subtracted from this amount. Trade receivables are measured at the transaction price.

Financial assets and liabilities

Derivative financial instruments at fair value through profit or loss

We use derivative financial instruments, such as currency and interest rate swaps, to hedge our foreign currency risks and interest rate risks, respectively. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

Changes in the fair value of currency and interest rate swaps entered to hedge foreign currency risks and interest rate risks, respectively, on external commercial borrowing are included in net loss/(gain) on fair value of derivative contracts measured at fair value through profit or loss under finance cost. Changes in the fair value of other derivatives are included in net gain/(loss) on fair value changes unless hedge accounting is applied. We do not apply hedge accounting.

Impairment of Financial Assets

Our Company records allowance for expected credit losses ("**ECL**") for all loans, other debt financial assets not held at FVTPL (all referred to as "financial instruments" in this section). Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or "**LTECL**"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' ECL. The 12 months' ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12 months' ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. Based on this process, our Company categorizes its loans into Stage I, Stage II and Stage III as described below:

Stage I

When loans are first recognized, our Company recognizes an allowance based on 12 months' ECLs. Stage I loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage II. Our Company has assessed that all standard exposures (i.e. exposures with no overdues) and exposure up to 30 days overdues fall under this category.

Stage II

Loans that have had a significant increase in credit risk since initial recognition are classified under this stage. Based on empirical evidence, a significant increase in credit risk is witnessed after the overdues on an exposure exceed a period of more than 30 days. Accordingly, our Company classifies all exposures with overdues exceeding 30 days at each reporting date under Stage II. Our Company records an allowance for the LTECLs. Stage II loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage III.

The loans provided to borrowers having running businesses with steady cash flows and not as a concession to overcome financial difficulties faced by borrowers other than the temporary suspension due to lock-down, are not considered as restructured accounts in terms of extant RBI Master Directions.

Stage III

Loans considered credit-impaired are classified under this stage. Our Company records an allowance for the LTECLs. All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage.

For financial assets for which our Company 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.

Cash and Cash Equivalents, Bank Balances, Loans, Trade receivables, Financial Investments and Other Financial Assets at Amortised Cost

Our Company measures cash and cash equivalents, bank balances, loans, trade receivables and other financial investments and assets at amortised cost if both of the following conditions are met: (i) the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the profit or loss. The losses arising from ECL impairment are recognized in the profit or loss.

Foreign Currency Transactions

Our Restated Financial Statements is presented in Indian Rupees, which is the functional currency of our Company and the currency of the primary economic environment in which our Company operates. Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non–trading activities are taken to other income/expense in the statement of profit and loss. Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

Leases – Company as lessee

Right-of-use assets

Our Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Our Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Our Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to our Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, our Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by our Company and payments of penalties for terminating the lease, if the lease term reflects our Company exercising the option to terminate.

In calculating the present value of lease payments, our Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term leases

Our Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as and when due.

Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of our Company's cash management.

Property, Plant and Equipment

Property, plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Changes in the expected useful life are accounted for by changing the amortization period or methodology, as appropriate, and treated as changes in accounting estimates.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate items (major components) of property, plant and equipment. Leasehold improvements are amortised on straight line basis over the primary period of the lease or the estimated useful life of the assets, whichever is lower. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial period/year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other income / expense in the statement of profit and loss in the period/year the asset is derecognized.

Depreciation on property, plant and equipment provided on written down value method at the rate arrived based on useful life of the assets, prescribed under schedule II of the act, which also represents the estimate of the useful life of the assets by the management. Depreciation on assets sold during the period/year is charged to the statement of profit and loss up to the date of sale. Our Company has used the following useful lives to provide depreciation on its property, plant and equipment.

Asset Category	Useful Life
Furniture and fixture..	10 years
Electrical fittings	10 years
Computers and printers...	3 years
Office equipment	5 years
Vehicles	8 years

Intangible Assets

Our Company's intangible assets mainly include computer software. An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to our Company. Intangible assets acquired separately are measured on initial recognition at cost. Our Company assesses at each balance sheet date whether there is any indication that an asset may be impaired.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Amortization is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives (3-6 years for computer software).

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss. when the asset is derecognized.

Employee Benefits

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if our Company 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.

Share-based payment arrangements

Our Company has formulated an employee stock option scheme ("**ESOP**") to be administered through a trust. The scheme provides that subject to continued employment with our Company, the employees are granted an option to acquire equity shares of our Company that may be exercised within the specified period. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized in employee benefits expense over the period in which service conditions are fulfilled, together with a corresponding increase in ESOP reserves in other equity. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our Company's best estimate of the number of equity instruments that will ultimately vest. No expense is recognized for awards that do not ultimately vest because service conditions have not been met. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Post-employment benefits in the form of provident fund, and other funds are defined contribution scheme.

Our Company has no obligation, other than the contribution payable to the provident fund and pension scheme. Our Company recognizes contribution payable to scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plans

Our Company has defined benefit gratuity plan. Our Company's net obligation in respect of gratuity 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 our Company, the recognized 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. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Other long-term employee benefits

Compensated absences are a long-term employee benefit and are accrued based on an actuarial valuation done as per projected unit credit method as at the Balance Sheet date, carried out by an independent actuary. Actuarial gains and losses arising during the period/year are immediately recognized in the statement of profit and loss.

Provisions

Provisions are recognized when our Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, our Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Taxes

Current tax

Current tax assets and liabilities for the current and prior period/years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. It is computed using tax rates and tax laws enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except (i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and (ii) in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period/year when the asset is realized or the liability is settled, using tax rates (and tax laws) that have enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Key Components of our Statement of Profit and Loss

The following descriptions set forth information with respect to the key components of our profit and loss statements.

Revenue

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 amortised cost category. Interest income includes interest income on loan portfolio and interest on deposits with banks. Fees and commission income includes facilitation fees, which relate to income earned from selling of services and products of other entities under distribution arrangements, and income from business correspondence services.

Other income. Other income comprises market support income, which relates to income earned from showcasing the advertising and distribution of materials of third parties at our branches, income from recovery of loans written off and miscellaneous income.

Expenses

Expenses comprise finance costs, impairment on financial instruments, employee benefits expenses, depreciation and amortization and other expenses.

Finance costs. Finance costs comprise interest on debt securities, interest on borrowings (other than debt securities), interest on subordinated liabilities, interest on lease liability and other finance costs.

Impairment on financial instruments. Impairment on financial instruments comprises impairment on loan portfolio and other financial assets.

Employee benefits expenses. Employee benefits expenses comprises salaries, wages and bonus, contribution to provident and other funds, shared-based compensation expenses and staff welfare expenses.

Depreciation and amortization expense. Depreciation and amortization expense comprise depreciation of tangible assets (property, plant and equipment) and amortization of intangible assets and right-of-use assets. Our tangible assets include furniture and fixtures, electrical fittings, office equipment, vehicles, computers and leasehold improvements. Our intangible assets include computer software.

Other expenses. Other expenses primarily comprise expenses relating to office maintenance, rent, traveling and conveyance, rates and taxes, legal and professional fees and miscellaneous expenses.

Tax Expense

Tax expense consists of current tax and deferred tax.

Our Results of Operations

The following table sets forth our selected financial data from our restated statement of profit and loss for the three months ended June 30, 2022 and 2021 and the financial years 2022, 2021 and 2020, the components of which are also expressed as a percentage of total income for such periods/years:

Particulars	For the Three Months Ended June 30,			
	2022		2021	
	(₹ in millions, except percentages)			
Revenue from operations:				
Interest income	3,293.61	91.38%	2,499.74	94.34%
Fees and commission income	10.73	0.30%	1.00	0.04%
Net gain on fair value changes	47.00	1.30%	94.68	3.57%
Net gain on derecognition of financial instruments under amortised cost category	75.86	2.10%	-	0.00%
Total revenue from operations	**3,427.20**	**95.08%**	**2,595.42**	**97.96%**
Other income	177.27	4.92%	54.16	2.04%
Total income	**3,604.47**	**100.00%**	**2,649.58**	**100.00%**
Expenses:				
Finance costs	1,431.89	39.73%	1,234.19	46.58%
Impairment on financial instruments	200.64	5.57%	691.76	26.11%
Employee benefits expenses	722.32	20.04%	513.66	19.39%
Depreciation and amortization	14.75	0.41%	10.16	0.38%
Other expenses	233.58	6.48%	145.60	5.50%
Total expenses	**2,603.18**	**72.22%**	**2,595.37**	**97.95%**
Profit before tax for the period	**1,001.29**	**27.78%**	**54.21**	**2.05%**
Tax expenses:				
Current tax	28.55	0.79%	142.94	5.39%
Deferred tax	221.72	6.15%	(132.84)	(5.01)%
Profit for the period	**751.02**	**20.84%**	**44.11**	**1.66%**

Particulars	For the Financial Years					
	2022		2021		2020	
	(₹ in millions, except percentages)					
Revenue from operations:						
Interest income	10,643.19	88.59%	8,275.64	94.79%	6,664.88	91.26%
Fees and commission income	13.86	0.12%	7.19	0.08%	34.64	0.47%
Net gain on fair value changes	247.65	2.06%	167.45	1.92%	231.57	3.17%
Net gain on derecognition of financial instruments under amortised cost category	607.95	5.06%	107.84	1.24%	271.55	3.72%
Total revenue from operations	**11,512.65**	**95.83%**	**8,558.12**	**98.02%**	**7,202.64**	**98.62%**
Other income	500.84	4.17%	172.76	1.98%	100.47	1.38%
Total income	**12,013.49**	**100.00%**	**8,730.88**	**100.00%**	**7,303.11**	**100.00%**

Particulars	For the Financial Years					
	2022		2021		2020	
	(₹ in millions, except percentages)					
Expenses:						
Finance costs	4,959.64	41.28%	3,751.04	42.96%	3,376.72	46.24%
Impairment on financial instruments	3,686.93	30.69%	2,207.80	25.29%	926.99	12.69%
Employee benefits expenses	2,330.66	19.40%	1,686.40	19.32%	1,483.33	20.31%
Depreciation and amortization	53.71	0.45%	38.94	0.45%	25.76	0.35%
Other expenses	738.29	6.15%	478.79	5.48%	490.36	6.71%
Total expenses	**11,769.23**	**97.97%**	**8,162.97**	**93.50%**	**6,303.16**	**86.31%**
Profit before tax for the year	**244.26**	**2.03%**	**567.91**	**6.50%**	**999.95**	**13.69%**
Tax expenses:						
Current tax	129.77	1.08%	588.71	6.74%	395.99	5.42%
Deferred tax	(103.06)	(0.86)%	(460.24)	(5.27)%	(92.14)	(1.26)%
Profit for the year	**217.55**	**1.81%**	**439.44**	**5.03%**	**696.10**	**9.53%**

Three Months Ended June 30, 2022 Compared to Three Months Ended June 30, 2021

Total income. Total income increased by 36.04% to ₹3,604.47 million for the three months ended June 30, 2022 from ₹2,649.58 million for the three months ended June 30, 2021 due to increases in revenue from operations and other income.

Total revenue from operations. Total revenue from operations increased by 32.05% to ₹3,427.20 million for the three months ended June 30, 2022 from ₹2,595.42 million for the three months ended June 30, 2021 primarily due to an increase in interest income to ₹3,293.61 million from ₹2,499.74 million, which was primarily attributable to an increase in interest income earned from our loan portfolio. The increase in interest income earned from our loan portfolio was in line with an increase in active borrowers to 2.90 million as of June 30, 2022 from 2.16 million as of June 30, 2021, and a corresponding increase in total disbursements to ₹19,830.37 million from ₹7,614.62 million. The increase in revenue from operations was also due to (i) net gain on derecognition of financial instruments under amortised cost category of ₹75.86 million recorded for the three months ended June 30, 2022, which related to the carrying amount of derecognized financial assets of ₹1,207.26 million in such period, while no such gain was recorded in the three months ended June 30, 2021, and (ii) an increase in fees and commission income to ₹10.73 million for the three months ended June 30, 2022 from ₹1.00 million for the three months ended June 30, 2021, which was primarily attributable to an increase in facilitation fees due to an increase in our cross-selling activities. These increases were partially offset by a decrease in net gain on fair value changes to ₹47.00 million from ₹94.68 million, which was primarily attributable to lower returns on investments in mutual funds.

Other income. Other income significantly increased to ₹177.27 million for the three months ended June 30, 2022 from ₹54.16 million for the three months ended June 30, 2021 primarily due to an increase in market support income to ₹132.39 million from ₹46.31 million and an increase in recovery of loan written off to ₹42.08 million from ₹7.62 million.

Total expenses. Total expenses marginally increased to ₹2,603.18 million for the three months ended June 30, 2022 from ₹2,595.37 million for the three months ended June 30, 2021 primarily due to increases in employee benefits expenses, finance costs and other expenses, which were partially offset by a decrease in impairment on financial instruments.

Impairment on financial instruments. Impairment on financial instruments decreased by 71.00% to ₹200.64 million for the three months ended June 30, 2022 from ₹691.76 million for the three months ended June 30, 2021 primarily due to a decrease in impairment on loan portfolio to ₹200.24 million from ₹688.94 million, primarily on account of improvement in the quality of our loan portfolio due to the easing of the COVID-19 pandemic and associated restrictions.

Employee benefits expenses. Employee benefits expenses increased by 40.62% to ₹722.32 million for the three months ended June 30, 2022 from ₹513.66 million for the three months ended June 30, 2021 primarily due to an increase in (i) salaries, wages and bonus to ₹642.14 million from ₹450.98 million, which was in line with an increase in headcount from 9,262 permanent employees as of June 30, 2022 as compared to 6,519 permanent employees as of June 30, 2021, and (ii) share based compensation expense to ₹26.75 million from ₹10.27 million, primarily on account of the grant of new options to our employees in February 2022.

Finance costs. Finance costs increased by 16.02% to ₹1,431.89 million for the three months ended June 30, 2022 from ₹1,234.19 million for the three months ended June 30, 2021 primarily due to an increase in interest on borrowings (other than debt securities) to ₹1,162.01 million from ₹869.16 million, primarily on account of an increase in our total borrowings in line with our business expansion and increased disbursements to borrowers. This was partially offset by a decrease in interest on debt securities to ₹231.67 million for the three months ended June 30, 2022 from ₹291.99 million for the three months ended June 30, 2021, primarily on account of a decrease in the outstanding amount of our NCDs.

Other expenses. Other expenses increased by 60.43% to ₹233.58 million for the three months ended June 30, 2022 from ₹145.60 million for the three months ended June 30, 2021 primarily due to increases in (i) office maintenance to ₹56.30 million from ₹36.35 million and (ii) travelling and conveyance to ₹39.69 million from ₹22.36 million.

Tax expenses. Our tax expense consists of current tax and deferred tax. For the three months ended June 30, 2022, we had a current tax of ₹28.55 million and a deferred tax charge of ₹221.72 million. For the three months ended June 30, 2021, we had a current tax of ₹142.94 million and a deferred tax credit of ₹132.84 million. Our effective tax rate (which represents income tax expense expressed as a percentage of profit before tax for the relevant period) was 25.00% and 18.63% for the three months ended June 30, 2022 and 2021, respectively.

Profit for the period. As a result of the foregoing, our profit for the period significantly increased to ₹751.02 million for the three months ended June 30, 2022 from ₹44.11 million for the three months ended June 30, 2021.

Financial Year 2022 Compared to Financial Year 2021

Total income. Total income increased by 37.60% to ₹12,013.49 million for the financial year 2022 from ₹8,730.88 million for the financial year 2021 due to increases in revenue from operations and other income.

Total revenue from operations. Total revenue from operations increased by 34.52% to ₹11,512.65 million for the financial year 2022 from ₹8,558.12 million for the financial year 2021 primarily due to an increase in interest income to ₹10,643.19 million from ₹8,275.64 million, which was primarily attributable to an increase in interest income earned from our loan portfolio. The increase in interest income earned from our loan portfolio was in line with an increase in active borrowers to 2.72 million from 2.12 million and a corresponding increase in total disbursements to ₹61,797.77 million from ₹37,102.95 million. The increase in revenue from operations was also due to increases in (i) net gain on derecognition of financial instruments under amortised cost category to ₹607.95 million from ₹107.84 million, which was in line with the increase in the carrying amount of derecognized financial assets to ₹6,934.54 million from ₹1,180.20 million, (ii) net gain on fair value changes to ₹247.65 million from ₹167.45 million, which was primarily attributable to higher returns on investments in mutual funds, and (iii) fees and commission income to ₹13.86 million from ₹7.19 million, which was primarily attributable to an increase in facilitation fees due to an increase in cross-selling activities.

Other income. Other income significantly increased to ₹500.84 million for the financial year 2022 from ₹172.76 million for the financial year 2021 primarily due to an increase in market support income to ₹426.87 million from ₹145.39 million.

Total expenses. Total expenses increased by 44.18% to ₹11,769.23 million for the financial year 2022 from ₹8,162.97 million for the financial year 2021 primarily due to increases in impairment on financial instruments, finance costs and employee benefits expenses.

Impairment on financial instruments. Impairment on financial instruments increased by 67.00% to ₹3,686.93 million for the financial year 2022 from ₹2,207.80 million for the financial year 2021 primarily due to an increase in impairment on loan portfolio to ₹3,684.92 million from ₹2,196.71 million, which was primarily attributable to the deterioration of the quality of our loan portfolio due to the impact of the COVID-19 pandemic and associated restrictions.

Finance costs. Finance costs increased by 32.22% to ₹4,959.64 million for the financial year 2022 from ₹3,751.04 million for the financial year 2021 primarily due to increases in (i) interest on borrowings (other than debt securities) to ₹3,712.85 million from ₹2,817.54 million and (ii) interest on debt securities to ₹1,049.55 million from ₹762.80 million, which were primarily attributable to an increase in total borrowings in line with our business expansion and increased disbursements to our borrowers.

Employee benefits expenses. Employee benefits expenses increased by 38.20% to ₹2,330.66 million for the financial year 2022 from ₹1,686.40 million for the financial year 2021 primarily due to increases in (i) salaries, wages and bonus to ₹2,063.86 million from ₹1,497.18 million, and (ii) contribution to provident and other funds to ₹169.61 million from ₹122.37 million, both of which were due to an increase in headcount. We had 8,704 permanent employees as of March 31, 2022 as compared to 6,351 permanent employees as of March 31, 2021.

Tax expenses. Our tax expense consists of current tax and deferred tax. For the financial year 2022, we had a current tax of ₹129.77 million and a deferred tax credit of ₹103.06 million. For the financial year 2021, we had a current tax of ₹588.71 million and a deferred tax credit of ₹460.24 million. Our effective tax rate (which represents income tax expense expressed as a percentage of profit before tax for the relevant period) was 10.93% and 22.62% for the financial years 2022 and 2021, respectively.

Profit for the year. As a result of the foregoing, our profit for the year decreased by 50.49% to ₹217.55 million for the financial year 2022 from ₹439.44 million for the financial year 2021.

Financial Year 2021 Compared to Financial Year 2020

Total income. Total income increased by 19.55% to ₹8,730.88 million for the financial year 2021 from ₹7,303.11 million for the financial year 2020 due to increases in revenue from operations and other income.

Total revenue from operations. Total revenue from operations increased by 18.82% to ₹8,558.12 million for the financial year 2021 from ₹7,202.64 million for the financial year 2020 primarily due to an increase in interest income to ₹8,275.64 million from ₹6,664.88 million, which was primarily attributable to an increase in interest income earned from our loan portfolio. The increase in interest income earned from our loan portfolio was in line with an increase in active borrowers to 2.12 million from 1.87 million and a corresponding increase in total disbursements to ₹37,102.95 million from ₹35,740.43 million. The increase in revenue from operations was partially offset by decreases in (i) net gain on derecognition of financial instruments under amortised cost category to ₹107.84 million from ₹271.55 million, which was in line with a decrease in the carrying amount of derecognized financial assets to ₹1,180.20 million from ₹3,522.17 million, (ii) net gain on fair value changes to ₹167.45 million from ₹231.57 million, which was primarily attributable to lower returns on investments in mutual funds, and (iii) fees and commission income to ₹7.19 million from ₹34.64 million, which was mainly attributable to lower income from business correspondence services earned. The decrease in income from business correspondence services was driven by the termination of our business correspondence agreement which covered certain of our branches in the state of Madhya Pradesh.

Other income. Other income increased by 71.95% to ₹172.76 million for the financial year 2021 from ₹100.47 million for the financial year 2020 primarily due to an increase in market support income to ₹145.39 million from ₹74.10 million.

Total expenses. Total expenses increased by 29.51% to ₹8,162.97 million for the financial year 2021 from ₹6,303.16 million for the financial year 2020 primarily due to increases in impairment on financial instruments, finance costs and employee benefits expenses.

Impairment on financial instruments. Impairment on financial instruments significantly increased to ₹2,207.80 million for the financial year 2021 from ₹926.99 million for the financial year 2020 primarily due to an increase in impairment on loan portfolio to ₹2,196.71 million from ₹913.66 million, which was primarily attributable to COVID-19-related provisions.

Finance costs. Finance costs increased by 11.09% to ₹3,751.04 million for the financial year 2021 from ₹3,376.72 million for the financial year 2020 primarily due to increases in (i) interest on borrowings (other than debt securities) to ₹2,817.54 million from ₹2,594.82 million, and (ii) interest on debt securities to ₹762.80 million from ₹615.74 million, which were primarily attributable to an increase in total borrowings in line with our business expansion and increasing disbursements to our borrowers.

Employee benefits expenses. Employee benefits expenses increased by 13.69% to ₹1,686.40 million for the financial year 2021 from ₹1,483.33 million for the financial year 2020 primarily due to increases in (i) salaries, wages and bonus to ₹1,497.18 million from ₹1,304.55 million, and (ii) contribution to provident and other funds to ₹122.37 million from ₹109.21 million, both of which were in line with an increase in headcount. We had 6,351 permanent employees as of March 31, 2021 as compared to 5,567 permanent employees as of March 31, 2020.

Tax expenses. Our tax expense consists of current tax and deferred tax. For the financial year 2021, we had a current tax of ₹588.71 million and a deferred tax credit of ₹460.24 million. For the financial year 2020, we had a current tax of ₹395.99 million and a deferred tax credit of ₹92.14 million. Our effective tax rate (which represents income tax expense expressed as a percentage of profit before tax for the relevant period) was 22.62% and 30.39% for the financial years 2021 and 2020, respectively.

Profit for the year. As a result of the foregoing, our profit for the year decreased by 36.87% to ₹439.44 million for the financial year 2021 from ₹696.10 million for the financial year 2020.

Our Financial Position

Our net worth increased by 5.87% to ₹14,164.65 million as of June 30, 2022 from ₹13,379.51 million as of March 31, 2022. Our net worth increased by 7.35% to ₹13,379.51 million as of March 31, 2022 from ₹12,463.55 million as of March 31, 2021. Our net worth increased by 3.96% to ₹12,463.55 million as of March 31, 2021 from ₹11,988.89 million as of March 31, 2020. The increases in net worth were on account of profit generated over the respective period/years.

The following table sets forth our selected financial data from our Restated Financial Statements as of June 30, 2022 and as of March 31, 2022, 2021 and 2020:

	As of June 30,	As of March 31,		
	2022	2022	2021	2020
Particulars	(₹ in millions)			
Assets:				
Total financial assets	74,849.36	71,429.99	57,288.55	41,882.07
Total non-financial assets	1,302.99	1,474.83	1,090.78	517.87
Total assets	**76,152.35**	**72,904.82**	**58,379.33**	**42,399.94**
Liabilities and equity:				
Total financial liabilities	61,820.52	59,346.11	45,701.54	30,290.84
Total non-financial liabilities	167.18	179.20	214.24	120.21
Total liabilities	**61,987.70**	**59,525.31**	**45,915.78**	**30,411.05**
Total equity	**14,164.65**	**13,379.51**	**12,463.55**	**11,988.89**
Total liabilities and equity	**76,152.35**	**72,904.82**	**58,379.33**	**42,399.94**

Assets

We had total assets of ₹76,152.35 million as of June 30, 2022 as compared to ₹72,904.82 million as of March 31, 2022 primarily due to increases in financial assets. Our total assets as of March 31, 2022 increased as compared to ₹58,379.33 million as of March 31, 2021 and ₹42,399.94 million as of March 31, 2020, due to increases in financial assets and non-financial assets.

Financial assets

Our total financial assets increased by 4.79% to ₹74,849.36 million as of June 30, 2022 from ₹71,429.99 million as of March 31, 2022 primarily due to an increase in (i) term loans (net) to ₹66,508.97 million as of June 30, 2022 from ₹59,181.94 million as of March 31, 2022, in line with an increase in active borrowers and total disbursements. The increase in financial assets was partially offset by decreases in (i) cash and cash equivalents to ₹6,738.13 million from ₹10,113.72 million and (ii) bank balances other than cash and cash equivalents to ₹958.38 million from ₹1,422.26 million.

Our total financial assets increased by 24.68% to ₹71,429.99 million as of March 31, 2022 from ₹57,288.55 million as of March 31, 2021 primarily due to increases in (i) term loans (net) to ₹59,181.94 million from ₹43,607.30 million, in line with an increase in active borrowers and total disbursements, and (ii) bank balances other than cash and cash equivalents to ₹1,422.26 million as of March 31, 2022 from ₹1,198.36 million as of March 31, 2021. The increase in financial assets was partially offset by a decrease in cash and cash equivalents to ₹10,113.72 million from ₹12,154.20 million.

Our total financial assets increased by 36.79% to ₹57,288.55 million as of March 31, 2021 from ₹41,882.07 million as of March 31, 2020 primarily due to increases in (i) term loans (net) to ₹43,607.30 million from ₹33,429.73 million, in line with an increase in active borrowers and total disbursements, and (ii) cash and cash equivalents to ₹12,154.20 million from ₹5,396.67 million. The increase in financial assets was partially offset by a decrease in bank balances other than cash and cash equivalents to ₹1,198.36 million as of March 31, 2021 from ₹2,780.82 million as of March 31, 2020.

Non-financial assets

Our total non-financial assets decreased by 11.65% to ₹1,302.99 million as of June 30, 2022 from ₹1,474.83 million as of March 31, 2022 primarily due to decreases in deferred tax assets (net) to ₹644.43 million from ₹867.56 million, which was primarily attributable to reversal of deferred tax asset benefits on account of write-offs on our portfolio. This was partially offset by an increase in current tax assets (net) to ₹395.35 million from ₹353.61 million.

Our total non-financial assets significantly increased to ₹1,474.83 million as of March 31, 2022 and ₹1,090.78 million as of March 31, 2021 primarily due to (i) an increase in current tax assets (net) to ₹353.61 million as of March 31, 20222 from ₹119.58 million as of March 31, 2021, which was primarily attributable to pay-out of advance income tax net of provisions during the financial year 2022, (ii) an increase in deferred taxes assets (net) to ₹867.56 million as of March 31, 2022 from ₹765.28 million, which was primarily attributable to timing differences in recording impairment loss on financial assets resulting in the creation of deferred tax assets, and (iii) an increase in other non-financial assets (at amortised cost) to ₹61.74 million as of March 31, 2022 from ₹23.09 million as of March 31, 2021, which was primarily attributable to the incurrence of share issue expenses during the financial year 2022 in connection with various services received for this Offer as compared to nil during the financial year 2021.

Our total non-financial assets significantly increased to ₹1,090.78 million as of March 31, 2021 from ₹517.87 million as of March 31, 2020 primarily due to (i) an increase in deferred taxes assets (net) to ₹765.28 million from ₹305.02 million, which was primarily attributable to timing differences in recording impairment loss on financial assets resulting in the creation of deferred tax assets, (ii) right-of-use asset of ₹78.19 million recorded as of March 31, 2021, while no such assets were recorded as of March 31, 2020, which was primarily attributable to additional right-of-use asset leased, and (iii) an increase in property, plant and equipment to ₹102.74 million from ₹58.98 million, which was primarily attributable to the purchase of property, plant and equipment. The additions of right-of-use asset leased and the purchase of property, plant and equipment were in line with our branch expansion to 725 branches as of March 31, 2021 from 595 branches as of March 31, 2020 and the establishment of our new head office at Gurugram.

Liabilities

We had total liabilities of ₹61,987.70 million as of June 30, 2022, as compared to ₹59,525.31 million as of March 31, 2022, due to an increase in financial liabilities. Our total liabilities as of March 31, 2022 increased from ₹45,915.78 million as of March 31, 2021 and ₹30,411.05 million as of March 31, 2020 due to increases in financial liabilities and non-financial liabilities.

Financial liabilities

Our total financial liabilities increased by 4.17% to ₹61,820.52 million as of June 30, 2022 from ₹59,346.11 million as of March 31, 2022 primarily due to an increase in borrowings (other than debt securities) to ₹50,935.37 million from ₹48,294.66 million, which was primarily attributable to a higher amount of term loans availed. This was partially offset by a decrease in debt securities to ₹7,537.66 million from ₹7,837.76 million, which was primarily attributable to repayment of debt securities.

Our total financial liabilities increased by 29.86% to ₹59,346.11 million as of March 31, 2022 from ₹45,701.54 million as of March 31, 2021 primarily due to an increase in borrowings (other than debt securities) to ₹48,294.66 million from ₹33,250.79 million, which was primarily attributable to a higher amount of term loans availed.

Our total financial liabilities increased by 50.88% to ₹45,701.54 million as of March 31, 2021 from ₹30,290.84 million as of March 31, 2020 primarily due to (i) increases in borrowings (other than debt securities) to ₹33,250.79 million from ₹24,571.58 million, which was primarily attributable to a higher amount of term loans availed, and (ii) debt securities to ₹9,904.50 million from ₹3,998.98 million, which was primarily attributable to a higher amount of NCDs issued.

Non-financial liabilities

Our total non-financial liabilities decreased by 6.71% to ₹167.18 million as of June 30, 2022 from ₹179.20 million as of March 31, 2022 primarily due to a decrease in other non-financial liabilities to ₹98.26 million from ₹106.48 million, which was primarily attributable to lower statutory dues payable outstanding as of June 30, 2022.

Our total non-financial liabilities decreased by 16.36% to ₹179.20 million as of March 31, 2022 from ₹214.24 million as of March 31, 2021 primarily due to a decrease in current tax liabilities (net) to ₹1.04 million from ₹53.98 million, which was primarily attributable to payment of taxes against current tax liabilities. This was partially offset by an increase in other non-financial liabilities to ₹106.48 million from ₹79.50 million, which was primarily attributable to higher statutory dues payable.

Our total non-financial liabilities increased by 78.22% to ₹214.24 million as of March 31, 2021 from ₹120.21 million as of March 31, 2020 primarily due to increases in (i) current tax liabilities (net) to ₹53.98 million from ₹0.53 million, which was primarily attributable to higher provisions for taxes, (ii) provisions to ₹80.76 million from ₹57.72 million, which was primarily attributable to higher provision for gratuity, compensated absence, cash losses and other contingencies, and (iii) other non-financial liabilities to ₹79.50 million from ₹61.96 million, which was primarily attributable to higher statutory dues payable.

Liquidity and Capital Resources

Our primary source of liquidity is cash generated from operations and borrowings, both short-term and long-term, including term loan facilities, NCDs, and assignment and securitization arrangements. As of June 30, 2022, we had cash and cash equivalents of ₹6,738.13 million and undrawn facilities of ₹14,140.00 million.

Our financing requirements are primarily for working capital. We expect that cash flow from revenue from operations and borrowings will continue to be our principal source of cash in the long-term. We evaluate our funding requirements periodically in light of our net cash flow from operating activities, the requirements of our business and operations, and market conditions.

Cash Flows

The following table summarizes our cash flows data for the period/years indicated:

Particulars	For the Three Months Ended June 30,		For the Financial Years Ended March 31,		
	2022	**2021**	**2022**	**2021**	**2020**
			(₹ in millions)		
Net cash flow from / (used in) operating activities.....	(5,784.32)	14.48	(16,407.28)	(7,930.25)	(7,494.32)
Net cash flow from investing activities	36.54	87.16	184.83	95.58	200.52
Net cash (used in) / flow from financing activities.....	2,372.19	(104.39)	14,181.97	14,592.20	5,450.76
Net (decrease)/increase in cash and cash equivalents	**(3,375.59)**	**(2.75)**	**(2,040.48)**	**6,757.53**	**(1,843.04)**
Cash and cash equivalents at the beginning of the period/year...	10,113.72	12,154.20	12,154.20	5,396.67	7,239.71
Cash and cash equivalents at the end of the period/year	**6,738.13**	**12,151.46**	**10,113.72**	**12,154.20**	**5,396.67**

Net cash used in operating activities

Net cash used in operating activities was ₹5,784.32 million for the three months ended June 30, 2022. We had profit before tax of ₹1,001.29 million for the three months ended June 30, 2022, which was primarily adjusted for impairment of financial instruments of ₹200.64 million and working capital adjustments such as increase in loans of ₹7,527.27 million due to new loan disbursements to our borrowers, which was partially offset by a decrease in bank balances other than cash and cash equivalents of ₹463.48 million.

Net cash used in operating activities was ₹16,407.28 million for the financial year 2022. We had profit before tax of ₹244.26 million for the financial year 2022, which was primarily adjusted for impairment of financial instruments of ₹3,686.93 million and working capital adjustments such as increase in loans of ₹19,259.56 million due to new loan disbursements to our borrowers and increase in bank balances other than cash and cash equivalents of ₹225.91 million, which was partially offset by decrease in other financial assets of ₹213.99 million.

Net cash used in operating activities was ₹7,930.25 million for the financial year 2021. We had profit before tax of ₹567.91 million for the financial year 2021, which was primarily adjusted for impairment of financial instruments of ₹2,207.80 million and working capital adjustments such as increase in loans of ₹12,374.28 million due to new loan disbursements to our borrowers, decrease in bank balances other than cash and cash equivalents of ₹1,571.37 million and increase in other financial liability of ₹668.07 million.

Net cash used in operating activities was ₹7,494.32 million for the financial year 2020. We had profit before tax of ₹999.95 million for the financial year 2020, which was primarily adjusted for impairment of financial instruments of ₹926.99 million and working capital adjustments such as increase in loans of ₹8,623.03 million due to new loan disbursements to our borrowers.

Net cash flow from investing activities

Net cash flow from investing activities was ₹36.54 million in the three months ended June 30, 2022. This was primarily due to proceeds from sale of investments of ₹18,247.00 million, which was partially offset by purchase of investments of ₹18,200.00 million.

Net cash flow from investing activities was ₹184.83 million in the financial year 2022. This was primarily due to proceeds from sale of investments of ₹67,897.65 million, partially offset by purchase of investments of ₹67,650.00 million and purchase of property, plant and equipments of ₹62.77 million.

Net cash flow from investing activities was ₹95.58 million in the financial year 2021. This was primarily due to proceeds from sale of investments of ₹43,502.45 million, partially offset by purchase of investments of ₹43,330.00 million and purchase of property, plant and equipments of ₹75.41 million.

Net cash flow from investing activities was ₹200.52 million in the financial year 2020. This was primarily due to proceeds from sale of investments of ₹50,245.81 million, partially offset by purchase of investments of ₹50,014.24 million and purchase of property, plant and equipments of ₹29.57 million.

Net cash flow from financing activities

Net cash flow from financing activities was ₹2,372.19 million in the three months ended June 30, 2022. This was primarily due to proceeds from borrowings (other than debt securities) of ₹10,840.00 million and proceeds from debt securities of ₹1,800.00 million, partially offset by repayment of borrowings (other than debt securities) of ₹8,166.48 million and repayment of debt securities of ₹2,101.00 million.

Net cash flow from financing activities was ₹14,181.97 million in the financial year 2022. This was primarily due to proceeds from borrowings (other than debt securities) of ₹41,043.00 million, proceeds from issue of equity shares of ₹656.95 million, proceeds from subordinated debt of ₹550.00 million and proceeds from debt securities of ₹450.00 million, partially offset by repayment of borrowings (other than debt securities) of ₹25,905.28 million and repayment of debt securities of ₹2,531.01 million.

Net cash flow from financing activities was ₹14,592.20 million in the financial year 2021. This was primarily due to proceeds from borrowings (other than debt securities) of ₹28,711.21 million and proceeds from debt securities of ₹6,577.19 million, partially offset by repayment of borrowings (other than debt securities) of ₹20,036.34 million and repayment of debt securities of ₹660.53 million.

Net cash flow from financing activities was ₹5,450.76 million in the financial year 2020. This was primarily due to proceeds from borrowings (other than debt securities) of ₹19,247.43 million and proceeds from issue of equity shares of ₹5,000.98 million, partially offset by repayment of borrowings (other than debt securities) of ₹17,800.02 million and repayment of debt securities of ₹1,346.34 million.

Capital Expenditure

Our capital expenditures primarily relate to the purchase of furniture and fixtures, electrical fittings, office equipment, computers and leasehold improvements. Cash outflows relating to the purchase of property, plant and equipment amounted to ₹10.46 million, ₹62.77 million, ₹75.41 million and ₹29.57 million for the three months ended June 30, 2022 and the financial years 2022, 2021 and 2020, respectively.

Financial Indebtedness

As of June 30, 2022, we had total borrowings amounting to ₹60,099.69 million, comprising debt securities amounting to ₹7,537.66 million, borrowings (other than debt securities) amounting to ₹50,935.37 million and subordinated liabilities amounting to ₹1,626.66 million. For further details related to our indebtedness, see "*Financial Indebtedness*" on page 376.

Contractual Obligations

The following table sets forth our contractual obligations with definitive payment terms as of June 30, 2022, all of which have a payment due by period of less than 12 months.

Particulars	As of June 30, 2022 (₹ in millions)
Trade payables	366.65
Salaries and bonus payable	151.43
Lease liabilities	93.66
Payable towards assigned portfolio	613.51
Interest accrued but not due on borrowings	265.19
Other payable	151.97
Other non-financial liabilities	98.26
Total	**1,740.67**

Contingent Liabilities and Commitments

As of June 30, 2022, we had no contingent liabilities or commitments (unexecuted contracts) as per Ind AS 37.

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Quantitative and Qualitative Analysis of Market Risks

We are exposed to various types of market risks during the normal course of business, such as credit risk, liquidity risk and interest rate risk.

Credit Risk

Credit risk is the risk of loss that may occur from defaults by our borrowers under our loan agreements. In order to address credit risk, we have stringent credit assessment policies for customer selection. We seek to minimize credit risk with measures such as verifying client details and usage of credit bureau data to get information on past credit behavior. We also follow a systematic methodology in the opening of new branches, which takes into account factors such as the demand for credit in the area, income and market potential and socio-economic and law and order risks in the proposed area. Further, our client due diligence procedures encompass various layers of checks, designed to assess the quality of the proposed group and to confirm that they meet our criteria.

Liquidity Risk

Liquidity risk is the risk that our Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Our Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our Company's reputation. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. We have an ALM policy that prescribes detailed guidelines for managing liquidity risk and an ALM Committee to review and monitor liquidity risks and ensure compliance with the prescribed regulatory requirements. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are subject to interest rate risk principally because we lend to borrowers at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our ALM Committee evaluates asset liability management and ensures that all significant mismatches, if any, are managed appropriately. Our Company has a board-approved ALM policy for managing interest rate risk and determining the interest rate to be charged on loans given.

Unusual or Infrequent Events or Transactions

Except as described in this Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "— *Significant Factors Affecting Our Results of Operations*" and the uncertainties described in "*Risk Factors*", on pages 334 and 27 respectively. Except as disclosed in this Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future Relationship between Cost and Revenue

Other than as described in "*Risk Factors*", "*Our Business*" and "*– Significant Factors Affecting our Results of Operations*" on pages 27, 171 and 334 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

Except as disclosed in this Red Herring Prospectus, 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.

Supplier or Customer Concentration

We do not have any material dependence on a single or few suppliers. We have a wide customer base and do not have any material dependence on any particular customer.

Competitive Conditions

We expect competition in our industry from existing and potential competitors to intensify. For details, please refer to the discussions of our competition in the sections "*Risk Factors*" and "*Our Business*" on pages 27 and 171 respectively.

Seasonality

Our business is subject to seasonality as we typically see higher borrowings by our customers during the third and fourth quarter of each financial year. We also typically have higher drawdowns under our facilities in the third and fourth quarter of each financial year. See "*Risk Factors – Internal Risks – Risks Relating to Our Business – Our business is subject to seasonality, which may contribute to fluctuations in our financial condition and results of operations.*" on page 50.

Significant Developments Occurring after June 30, 2022

Except as disclosed in this Red Herring Prospectus, there are no circumstances that have arisen since June 30, 2022, the date of the last financial statements included in this Red Herring Prospectus, which materially and adversely affect or is likely to affect our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

Recent Accounting Pronouncements

As of the date of this Red Herring Prospectus, there are no recent accounting pronouncements, which would have a material effect on our financial condition or results of operations.

SELECTED STATISTICAL INFORMATION

The following information should be read together with our Restated Financial Statements as well as "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 171 and 331, respectively. The amounts presented in this section are derived from our Restated Financial Statements or internally-generated unaudited statistical data. Our Restated Financial Statements have been derived from (i) the audited financial statements of our Company as at and for the three months ended June 30, 2022 and June 30, 2021 in accordance with Ind AS 34, and (ii) the audited financial statements as at and forthe years ended March 31, 2022, March 31, 2021 and March 31, 2020 which were prepared in accordance with the Ind AS and restated in accordance with the SEBI ICDR Regulations, the Guidance Note and relevant provisions of the Companies Act.

This Red Herring Prospectus, including this section "Selected Statistical Information", includes certain non-GAAP measures, such as pre-provision operating profit before tax, EBITDA, net worth, average net worth, net interest income, average borrowing, return on net worth, return on average gross AUM, return on average net worth, average borrowings to average net worth, average net worth to average gross AUM, debt to equity ratio, net asset value per Equity Share, operating expenses, impairment on loan portfolio to average gross loan portfolio, credit loss ratio, credit cost (based on average gross AUM), operating expenses to total income ratio, cost to income ratio, AUM, as well as financial measures and certain other statistical information of our financial condition and operations, which are supplemental measures of our performance and liquidity that are not required by, prepared under or presented in accordance with Ind AS, Indian GAAP, IFRS or U.S. GAAP, i.e., non-GAAP measures, which may not accurately represent our financial condition, performance and results of operations. The non-GAAP measures relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other MFIs or financial services companies. Further, these non-GAAP measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS, and should not be considered in isolation or construed as an alternative to cash flows, profit/(loss) for the period/year 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, such non-GAAP measures are not a standardised term, hence a direct comparison of similarly-titled non-GAAP measures between companies may not be possible. Other companies may calculate non-GAAP measures differently from us, limiting its utility as a comparative measure. Although such non-GAAP financial information are not measures 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. Accordingly, investors should not place undue reliance on the non-generally accepted accounting principles financial information included in this Red Herring Prospectus.

Key Financial and Operational Metrics

The following table sets forth information relating to our key financial and operational metrics as of and for the period/years indicated:

Particulars	**As of and for the Three Months Ended June 30,**		**As of and for the Financial Year Ended March 31,**		
	2022	**2021**	**2022**	**2021**	**2020**
	(₹ in millions, except otherwise indicated)				
Pre-provision operating profit before tax(1)...........	1,201.93	745.97	3,931.19	2,775.71	1,926.94
Profit for the period/year(2)...................................	751.02	44.11	217.55	439.44	696.10
Total comprehensive income for the period/year(3)	755.26	41.24	219.77	439.47	701.16
Total assets(4)...	76,152.35	58,248.66	72,904.82	58,379.33	42,399.94
Gross AUM(5)..	73,890.23	46,310.91	67,859.71	46,378.39	36,065.24
Average gross AUM(6)...	70,874.97	46,344.65	57,119.05	41,221.82	31,239.58
Gross AUM growth(7)...	59.55%	36.31%	46.32%	28.60%	36.54%
Net worth(8)...	14,164.65	12,516.51	13,379.51	12,463.55	11,988.89
Average net worth(9)	13,772.08	12,490.03	12,921.53	12,226.22	9,123.72
Total borrowings(10)...	60,099.69	44,226.52	57,758.09	44,322.50	29,736.85
Average borrowings(11)...	58,928.89	44,274.51	51,040.30	37,029.68	29,511.37
Return on average gross AUM(12).........................	4.24%^	0.38%^	0.38%	1.07%	2.23%

Particulars	As of and for the Three Months Ended June 30, 2022	2021	As of and for the Financial Year Ended March 31, 2022	2021	2020
	(₹ in millions, except otherwise indicated)				
Return on average net worth(13)	21.81%^	1.41%^	1.68%	3.59%	7.63%
Average borrowings to Average net worth(14) *(times)*	4.28	3.54	3.95	3.03	3.23
Average net worth to Average gross AUM(15) *(times)*	0.19	0.27	0.23	0.30	0.29
Debt to equity ratio(16) *(times)*	4.24	3.53	4.32	3.56	2.48
Earning per share(17):					
Basic – par value of ₹10 each *(₹)**	9.07	0.56	2.67	5.56	10.47
Diluted – par value of ₹10 each *(₹)**	8.98	0.55	2.64	5.49	10.32
Net asset value per Equity Share(18)	171.10	151.50	161.67	150.92	145.32

*^ Annualized, * Not Annualized, Figures disclosed in the above table, except for "Profit for the period/year", "Total comprehensive income for the period/year", "Total borrowings", "Basic Earning per Share" and "Diluted Earning per Share", are not measures of financial position, financial performance or cash flows defined by generally accepted accounting principles, and may not be comparable to similarly-titled measures presented by other companies.*

Notes:

(1) Pre-provision operating profit before tax represents the sum of profit before tax for the relevant period/year and impairment on financial instruments for such period/year derived from our Restated Financial Statements. For a detailed calculation of our pre-provision operating profit before tax, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 324.

(2) Profit for the period/year represents profit for the relevant period/year.

(3) Total comprehensive income represents total comprehensive income for the relevant period/year.

(4) Total assets represents total assets as of the last day of the relevant period/year.

(5) Gross AUM represents the aggregate of principal outstanding for all loans to customers and assets pertaining to securitization, assignment and business correspondent portfolio, as of the last day of the relevant period/year.

(6) Average Gross AUM represents the simple average of our Gross AUM as of the last day of the relevant period/year and that as of the last day of the previous period/year.

(7) Gross AUM growth represents percentage of change in gross AUM as of the last day of the relevant period/year over that as of last day of the previous period/year. June 2022 has been compared with the June 2021 AUM & June 2021 has been compared with the June 20 AUM.

(8) Net worth represents our total equity, which includes equity share capital and other equity derived from our Restated Financial Statements, as of the last day of the relevant period/year. For a detailed calculation of our net worth, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 324.

(9) Average net worth represents the simple average of our net worth as of the last day of the relevant period/year and that as of the last day of the previous period/year. For a detailed calculation of our average net worth, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 324.

(10) Total borrowings represents the aggregate of debt securities, subordinate liabilities, borrowings (other than debt securities) as of the last day of the relevant period/year derived from our Restated Financial Statements. For a detailed calculation of our total borrowings, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 336.

(11) Average borrowings represents the simple average of total borrowings outstanding as of the last day of the relevant period/year and that as of the last day of the previous period/year. For a detailed calculation of our average borrowings, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 325.

(12) Return on average gross AUM represents profit for the relevant period/year derived from our Restated Financial Statements as a percentage of average gross AUM for such period/year. For a detailed calculation of our return on average gross AUM, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 326.

(13) Return on average net worth represents profit for the relevant period/year derived from our Restated Financial Statements as a percentage of average net worth for such period/year. For a detailed calculation of our return on average net worth, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 326.

(14) Average borrowings to average net worth represents average borrowings for the relevant period/year as a percentage of average net worth for such period/year. For a detailed calculation of our average borrowings to average net worth, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 326.

(15) Average net worth to average gross AUM is calculated as average net worth for the relevant period/year as a percentage of average gross AUM for such period/year. For a detailed calculation of our average net worth to average gross AUM, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 327.

(16) Debt to equity ratio represents our total borrowings divided by total equity attributable to shareholders as of the last day of the relevant period/year derived from our Restated Financial Statements. Total borrowings represents the aggregate of debt securities, subordinate liabilities, borrowings (other than debt securities) as of the last day of the relevant period/year derived from our Restated Financial Statements. For a detailed calculation of our debt to equity ratio, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 327.

(17) Basic Earning per Share and Diluted Earning per Share calculations are done in accordance with Ind AS 33 – Earnings Per Share, derived from our Restated Financial Statements. For a detailed calculation of our Basic Earning per Share and Diluted Earning per Share, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 356.

(18) Net asset value per Equity Share represents is calculated as Total Equity as of the end of the relevant period/year divided by the number of Equity Shares outstanding at the end of such period/year. For a detailed calculation of our net asset value per Equity Share, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 109.

Financial Metrics

The following table sets forth certain of our financial ratios and other metrics, as of and for the period/years indicated:

Particulars	As of and for the Three Months Ended June 30,		As of and for the Financial Year Ended March 31,		
	2022	2021	2022	2021	2020
	(₹ in millions, except percentages)				
Total revenue from operations[1]	3,427.20	2,595.42	11,512.65	8,558.12	7,202.64
Other income[2]	177.27	54.16	500.84	172.76	100.47
Total income [3]	3,604.47	2,649.58	12,013.49	8,730.88	7,303.11
Finance costs [4]	1,431.89	1,234.19	4,959.64	3,751.04	3,376.72
Net interest income[5]	1,846.67	1,245.93	5,606.67	4,308.93	3,123.00
Net interest margin[6]	–	8.70%	8.39%	9.22%	8.85%
Operating expenses[7]	970.65	669.42	3,122.66	2,204.13	1,999.45
Operating expenses / Average gross AUM[8]	5.48%	5.78%	5.47%	5.35%	6.40%
Depreciation and amortization[9]	14.75	10.16	53.71	38.94	25.76
Total expenses[10]	2,603.18	2,595.37	11,769.23	8,162.97	6,303.16
Impairment on financial instruments[11]	200.64	691.76	3,686.93	2,207.80	926.99
Impairment on loan portfolio / Average gross loan portfolio[12]	0.30%	1.48%	6.75%	5.43%	3.02%
Credit loss ratio[13]	2.07%	0.18%	5.37%	0.81%	1.16%
Credit cost (based on average gross AUM)[14]	0.28%	1.49%	6.45%	5.33%	2.92%
Operating expenses to total income ratio[15]	26.93%	25.27%	25.99%	25.25%	27.38%
Cost to income ratio[16]	44.68%	47.30%	44.27%	44.26%	50.92%
PAR>30[17]	3,423.61	6,640.87	4,895.18	5,696.48	550.55
PAR>90[18]	2,529.39	2,888.90	3,584.27	2,558.90	384.49
Gross NPAs[19]	2,529.39	2,888.90	3,584.27	2,558.90	384.49
Gross NPAs / Loans to customers outstanding[20]	3.67%	6.19%	5.71%	5.51%	1.12%
Net NPAs[21]	927.68	1,312.69	1,030.28	1,023.67	130.45
Net NPAs / Loans to customers outstanding[22]	1.35%	2.81%	1.64%	2.20%	0.38%
COVID-19 provisions[23]	–	–	–	–	510.41

Figures disclosed in the above table, except for "Total revenue from operations", "Other income", "Total income", "Finance costs", "Depreciation and amortization", "Total expenses" and "Impairment on financial instruments", are not measures of financial position, financial performance or cash flows defined by generally accepted accounting principles, and may not be comparable to similarly-titled measures presented by other companies.

Notes:

(1) Total revenue from operations represents our revenue from operations for the relevant period/year derived from our Restated Financial Statements.

(2) Other income represents our other income for the relevant period/year derived from our Restated Financial Statements.

(3) Total income represents our total income for the relevant period/year.

(4) Finance costs represents our finance costs for the relevant period/year derived from our Restated Financial Statements.

(5) Net interest income represents interest income on loan portfolio for the relevant period/year reduced by finance costs for such period/year derived from our Restated Financial Statements.

(6) Net interest margin represents net interest income for the relevant period/year as a percentage of average loans to customers for such period/year. Average loans to customers represents the simple average of our loans to customers as of the last day of the relevant period/year and that as of the last day of the previous period/year derived from our Restated Financial Statements. Net interest margin for the financial year 2022 was subject to interest reversals as a result of the COVID-19 pandemic on PAR>90 assets.

(7) Operating expenses represents the aggregate of employee benefits expenses, depreciation and amortization and other expenses for the relevant period/year derived from our Restated Financial Statements.

(8) Operating expenses / Average gross AUM represents operating expenses for the relevant period/year as a percentage of average gross AUM for such period/year.

(9) Depreciation and amortization represents our depreciation and amortization expenses for the relevant period/year derived from our Restated Financial Statements.

(10) Total expenses represents our total expenses for the relevant period/year derived from the Restated Financial Statements.

(11) Impairment on financial instruments represents such expenses for the relevant period/year derived from the Restated Financial Statements.

(12) Impairment on loan portfolio / Average loan portfolio represents impairment on financial instruments for the relevant period/year derived from our Restated Financial Statements as a percentage of average loans to customers for such period/year. Average loans to customers

for the relevant period/year represents the simple average of our term loans (gross) as of the last day of the relevant period/year and that as of the last day of the previous period/year derived from our Restated Financial Statements. For a detailed calculation of our impairment of loan portfolio/average loan portfolio, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 328.

(13) Credit loss ratio represents loans written off during the relevant period/year as a percentage of average loans to customers for such period/year. Average loans to customers for the relevant period/year represents the simple average of our term loans (gross) as of the last day of the relevant period/year and that as of the last day of the previous period/year derived from our Restated Financial Statements. For a detailed calculation of our credit loss ratio, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 328.

(14) Credit cost (based on average gross AUM) represents impairment on financial instruments the relevant period/year derived from our Restated Financial Statements as a percentage of average Gross AUM. For a detailed calculation of our credit cost (based on average gross AUM), see "*Other Financial Information – Non-GAAP Reconciliation*" on page 329.

(15) Operating expenses to total income ratio represents operating expenses for the relevant period/year as a percentage of total income for such period/year derived from our Restated Financial Statements. For a detailed calculation of our operating expenses to total income ratio, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 329.

(16) Cost to income ratio represents operating expenses (which comprises the aggregate of employee benefits expense, depreciation and amortization and other expenses) as a percentage of total income less finance costs for the relevant period/year derived from our Restated Financial Statements. For a detailed calculation of our cost to income ratio, see "*Other Financial Information – Non-GAAP Reconciliation*" on page 329.

(17) PAR>30 represents the aggregate of Stage II assets and Stage III assets as of the last day of the relevant period/year. Stage II assets (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. Stage III assets (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.

(18) PAR>90 percentage represents the portfolio of Stage III assets as of the last day of the relevant period/year as a percentage of the total gross carrying value of loans as of the last day of the relevant period/year derived from our Restated Financial Statements.

(19) Gross NPAs represents our portfolio of Stage III Assets (overdue for more than 90 days) as of the last day of the relevant period/year.

(20) Gross NPAs / Loans to customer outstanding represents our portfolio of Stage III assets as of the last day of the relevant period/year as a percentage of loans gross of impairment allowance for the relevant period/year.

(21) Net NPAs represents Stage III Assets (Gross NPAs) as of the last day of the relevant period/year as reduced by impairment allowance on Stage III Assets for such period/year.

(22) Net NPAs / Loans to customers outstanding represents Net NPAs as of the last day of the relevant period/year as a percentage of loans gross of impairment allowance derived from our Restated Financial Statements for the relevant period/year.

(23) COVID-19 provisions represent provisions made relating to the COVID-19 pandemic for the relevant period/year.

Liabilities and Provisions

The following table sets forth the principal components of our liabilities and provisions, and each item expressed as a percentage of total liabilities, derived from our Restated Financial Statements as of the dates indicated:

Particulars	As of June 30,				As of March 31,					
	2022		2021		2022		2021		2020	
	(₹ in millions, except percentages)									
Financial liabilities:										
Trade payables (at amortised cost)	366.65	0.59%	169.10	0.37%	176.59	0.30%	113.06	0.25%	40.71	0.13%
Debt securities	7,537.66	12.16%	9,858.61	21.56%	7,837.76	13.17%	9,904.50	21.57%	3,998.98	13.15%
Borrowings (other than debt securities)	50,935.37	82.17%	33,270.45	72.75%	48,294.66	81.13%	33,250.79	72.42%	24,571.58	80.80%
Subordinated liabilities	1,626.66	2.62%	1,097.46	2.40%	1,625.67	2.73%	1,167.21	2.54%	1,166.29	3.84%
Derivative financial instruments	78.42	0.13%	38.22	0.08%	77.11	0.13%	–	–	–	–
Other financial liabilities	1,275.76	2.06%	1,133.21	2.48%	1,334.32	2.24%	1,265.98	2.76%	513.28	1.69%
Total financial liabilities	**61,820.52**	**99.73%**	**45,567.05**	**99.64%**	**59,346.11**	**99.70%**	**45,701.54**	**99.53%**	**30,290.84**	**99.60%**
Non-financial liabilities:										
Current tax liabilities (net)	0.68	0.00%	3.28	0.01%	1.04	0.00%	53.98	0.12%	0.53	0.01%
Provisions	68.24	0.11%	98.15	0.21%	71.68	0.12%	80.76	0.18%	57.72	0.19%
Other non-financial liabilities	98.26	0.16%	63.67	0.14%	106.48	0.18%	79.50	0.17%	61.96	0.20%
Total non-financial liabilities	**167.18**	**0.27%**	**165.10**	**0.36%**	**179.20**	**0.30%**	**214.24**	**0.47%**	**120.21**	**0.40%**
Total liabilities	**61,987.70**	**100.00%**	**45,732.15**	**100.00%**	**59,525.31**	**100.00%**	**45,915.78**	**100.00%**	**30,411.05**	**100.00%**

Borrowing Profile

The following table sets forth a summary of the components of our borrowing profile, and each item expressed as a percentage of total borrowings, as of the dated indicated:

Particulars	As of June 30,				As of March 31,					
	2022		2021		2022		2021		2020	
	(₹ in millions, except percentages)									
Debt securities:										
Non-convertible debentures (Secured by book debts)	5,189.19	8.63%	8,559.74	19.35%	5,788.92	10.02%	8,605.90	19.42%	2,851.29	9.59%
Non-convertible debentures (Unsecured)	2,348.47	3.91%	1,298.87	2.94%	2,048.84	3.55%	1,298.60	2.93%	1,147.69	3.86%
Total debt securities (at amortised cost) (A)................	**7,537.66**	**12.54%**	**9,858.61**	**22.29%**	**7,837.76**	**13.57%**	**9,904.50**	**22.35%**	**3,998.98**	**13.45%**
Borrowings (other than debt securities):										
Term loans:										
i) from banks	43,001.16	71.55%	25,739.11	58.20%	40,337.54	69.84%	26,856.90	60.59%	19,127.76	64.32%
ii) from other parties...........	6,311.08	10.50%	2,727.29	6.17%	5,769.54	9.99%	2,619.30	5.91%	2,644.79	8.89%
Short term loans from banks....	800.27	1.33%	3,922.78	8.87%	1,343.92	2.33%	3,499.64	7.90%	2,398.77	8.07%
Short term loans from financial institutions	–	–	–	–	–	–	274.95	0.62%	–	–
External commercial borrowings	822.86	1.37%	881.27	1.99%	843.66	1.46%	–	–	–	–
Borrowings under securitization arrangement...........	–	–	–	–	–	–	–	–	400.26	1.35%
Total borrowings (other than debt securities) (B)................	**50,935.37**	**84.75%**	**33,270.45**	**75.23%**	**48,294.66**	**83.62%**	**33,250.79**	**75.02%**	**24,571.58**	**82.63%**
Subordinated liabilities (at amortised cost):										
i) from banks	300.00	0.50%	300.00	0.68%	300.00	0.52%	300.00	0.68%	300.00	1.01%
ii) from other than banks	1,326.66	2.21%	797.46	1.80%	1,325.67	2.30%	867.21	1.96%	866.29	2.91%
Total subordinated liabilities (at amortised cost) (C)..........	**1,626.66**	**2.71%**	**1,097.46**	**2.48%**	**1,625.67**	**2.81%**	**1,167.21**	**2.63%**	**1,166.29**	**3.92%**
Total borrowings (A+B+C)...	**60,099.69**	**100.00%**	**44,226.52**	**100.00%**	**57,758.09**	**100.00%**	**44,322.50**	**100.00%**	**29,736.85**	**100.00%**

Yield and Cost of Funds

The following table sets forth the yields and cost of funds for our Company as of the dates indicated:

Particulars	As of June 30,		As of March 31,		
	2022	2021	2022	2021	2020
Average yield on loan portfolio(1)...	19.48%	19.53%	18.82%	20.45%	21.18%
Quarterly average yield on quarterly average loan portfolio(2)...	19.48%	19.53%	19.01%	20.63%	21.22%
Quarterly average yield on disbursements(3)..............................	21.92%	21.07%	20.95%	21.54%	21.78%
Average annual incremental cost of borrowings(4)	10.19%	10.76%	10.04%	10.84%	12.14%
Average quarterly incremental cost of borrowings(5)	10.19%	10.76%	10.13%	10.67%	12.25%
Average annual effective cost of borrowings(6)..........................	10.10%	10.83%	10.43%	11.23%	12.33%
Average quarterly effective cost of borrowings(7)	10.10%	10.83%	10.51%	11.26%	12.30%
Interest spread(8)	-	8.70%	8.39%(9)	9.22%	8.85%

Notes:

(1) Average yield on loan portfolio represents interest income earned for the relevant period/year as a percentage of monthly average loan portfolio outstanding for such period/year.

(2) Quarterly average yield represents the quarterly average of interest income earned on loan portfolio for the relevant period/year as a percentage of quarterly average loan portfolio for the relevant period/year.

(3) Quarterly average yield on disbursements represents the average of interest earned on disbursements for the relevant quarter as a percentage of the disbursements for the relevant quarter in the relevant period/year mentioned.

(4) Average annual incremental cost of borrowings represents the weighted average cost of borrowings as a percentage of borrowings availed for the relevant period/year.

(5) Average quarterly incremental cost of borrowings represents the weighted average cost of borrowings for the quarter as a percentage of borrowings availed in the relevant quarter of the relevant period/year.

(6) Average annual effective cost of borrowings represents finance cost as a percentage of average outstanding borrowings for the relevant period/year.

(7) Average quarterly effective cost of borrowings represents the average of effective cost of borrowings for the relevant quarter of the relevant period/year.

(8) Interest spread represents the excess of the average yield on loan portfolio and average annual effective cost of borrowings for the relevant period/year, i.e. net interest margin as calculated as per the prescribed guidelines of the RBI.

(9) Interest spread for the financial year 2022 was subject to interest reversals as a result of the COVID-19 pandemic on PAR>90 assets.

Asset Liability Management

The following table sets forth the maturity profile of our interest-bearing assets (advances) and interest-bearing liabilities (borrowings) across different time periods, as of June 30, 2022:

Particulars	1-7 Days	8-14 Days	15-30 Days	1 to 2 Months	2 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
	(₹ in millions)										
Borrowings[(1)]	228.00	605.79	1,656.25	2,841.18	5,621.32	7,952.01	14,678.25	22,025.13	4,208.33	283.44	60,099.69
Advances[(2)]	907.81	900.22	2,037.41	3,783.40	3,616.31	10,527.47	19,395.66	25,984.44	123.98	73.28	67,349.98

Notes:

(1) Borrowings exclude accrued interest.

(2) Advances are net of provision towards non-performing loans and advances.

The following table sets forth the average maturity of our assets and liabilities as of the dates indicated:

	As of June 30,		As of March 31,		
	2022	2021	2022	2021	2020
Particulars			*(months)*		
Average maturity of assets[(1)]	18	17	20	19	17
Average maturity of liabilities[(2)]..	22	22	22	24	23

Notes:

(1) Average maturity of assets is the weighted average of all the maturities of all assets, calculated to determine the average time to maturity of all assets in months.

(2) Average maturity of liabilities is the weighted average of all the maturities of all liabilities, calculated to determine the average time to maturity of all liabilities in months.

Classification of Assets

Our Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage I (0-30 days) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- Stage II (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage III (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.

Provisioning and write-offs

MFIs are required to adopt the asset classification and provisioning norms as set forth below:

(i) a "standard asset" means the asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business; and

(ii) a "non-performing asset" means an asset for which interest or principal payment has remained overdue for a period of 90 days or more.

For non-performing assets, expected credit loss allowance ("**ECL**") is as per our Board-approved ECL model to ensure compliance with RBI Circular No. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.

Classification and provisioning for assets

The following table sets forth information regarding classification of our Company's loans as of the dates indicated:

Particulars	As of June 30,		As of March 31,		
	2022	2021	2022	2021	2020
			(₹ in millions)		
Gross carrying value:					
Stage I	65,528.10	40,051.52	57,890.26	40,763.84	33,861.54
Stage II	894.22	3,751.98	1,310.91	3,137.58	166.06
Stage III	2,529.39	2,888.90	3,584.27	2,558.90	384.49
Total gross carrying value	**68,951.71**	**46,692.40**	**62,785.44**	**46,460.32**	**34,412.09**
ECL allowance:					
Stage I	510.75	743.93	597.12	449.56	645.31
Stage II	330.29	1,135.90	452.39	868.23	83.02
Stage III	1,601.71	1,576.21	2,553.99	1,535.23	254.04
Total ECL allowance	**2,442.74**	**3,456.04**	**3,603.50**	**2,853.02**	**982.36**
ECL allowance percentage[1]	**3.54%**	**7.40%**	**5.74%**	**6.14%**	**2.85%**
Net carrying value:					
Stage I	65,017.35	39,307.59	57,293.14	40,314.28	33,216.23
Stage II	563.93	2,616.08	858.52	2,269.35	83.04
Stage III	927.68	1,312.69	1,030.28	1,023.67	130.45
Total net carrying value	**66,508.97**	**43,236.36**	**59,181.94**	**43,607.30**	**33,429.73**

Note:

(1) ECL allowance percentage represents ECL allowance for the relevant period/year as a percentage of the total gross carrying value of our loans as of the last day of the relevant period/year derived from our Restated Financial Statements.

The following table sets forth information regarding the provisioning of our Company's loans as of the dates indicated:

Particulars	As of June 30,		As of March 31,		
	2022	2021	2022	2021	2020
Stage I and II	1.27%	4.29%	1.77%	3.00%	2.14%
Stage III	63.32%	54.56%	71.26%	60.00%	66.07%
Impairment allowance coverage ratio[1]	**96.57%**	**119.63%**	**100.54%**	**111.49%**	**255.50%**

Note:

(1) Impairment allowance coverage ratio represents the ratio of total impairment allowance on term loans (gross) derived from our Restated Financial Statements to Stage III Assets (Gross NPAs) for the relevant period/year.

Impairment on financial instruments

Our Company has adopted Ind AS, which requires impairment on financial instruments to be computed using the ECL methodology. Impairment on financial instruments calculated under the ECL methodology may differ materially from calculated under the Income Recognition, Asset Classification and Provisioning ("**IRACP**") norms applicable under Indian GAAP.

The following table sets forth the difference between impairment on financial instruments calculated using the ECL methodology and provisions calculated using the IRACP norms as of June 30, 2022:

Particulars	As of June 30, 2022 *(₹ in millions)*
Total loss allowances (provisions) as required under Ind AS 109 **(A)**	2,442.74
Provisions required as per IRACP norms[1] **(B)**	1,223.47
Difference between total loss allowances (provisions) as required under Ind AS 109 and provisions required as per IRACP norms (**(A)** – **(B)**)	1,219.27

Note:

(1) The amount of the securitisation is off-balance sheet under IRACP norms and on-balance sheet under Ind AS for the purpose of computing provisions.

Operational Metrics

The following table sets forth the key performance metrics of our Company as of the dates indicated:

Particulars	As of June 30, 2022	As of June 30, 2021	As of March 31, 2022	As of March 31, 2021	As of March 31, 2020
	(₹ in millions, except otherwise indicated)				
Gross disbursements[(1)]	19,830.37	7,614.62	61,797.77	37,102.95	35,740.43
Disbursement growth[(2)]	160.42%	4,093.53%	66.56%	3.81%	26.72%
Collections	13,953.28	9,169.20	42,270.23	27,848.55	30,164.22
Collection efficiency[(3)]	95.22%	88.42%	92.32%	96.38%	98.36%
Outstanding value of securitized, assigned and managed loans[(4)]	5,344.12	980.11	5,859.80	1,263.87	2,270.16
Cities where we operate *(numbers)*	377	331	368	326	285
States and union territories where we operate *(numbers)*	19	18	18	18	18
Districts where we operate *(numbers)*	377	331	368	326	285
Branches *(numbers)*	966	745	934	725	595
Average branches per district *(numbers)*	2.6	2.3	2.5	2.2	2.1
Gross AUM per branch	76.49	62.16	72.65	63.97	60.61
Disbursements per branch	82.11	40.88	66.16	51.18	60.07
Active borrowers per branch *(numbers)*	3,083	2,905	2,986	2,965	3,186
Total borrowers *(numbers in millions)*	2.90	2.16	2.72	2.12	1.87
Active borrowers[(5)] *(numbers in millions)*	2.90	2.16	2.72	2.12	1.87
Active loan accounts[(6)] *(numbers in millions)*	2.98	2.19	2.79	2.15	1.90
Repeat loan accounts[(7)] *(numbers in millions)*	1.28	1.12	1.25	1.08	0.72
Proportion of repeat loan accounts	42.94%	50.83%	44.81%	50.32%	38.09%
Unique loan accounts[(8)] *(numbers in millions)*	1.70	1.08	1.54	1.07	1.17
Proportion of unique loan accounts	57.06%	49.17%	55.19%	49.68%	61.91%
Borrowers whose first formal loan is from the Company *(numbers in millions)*	0.21	0.03	0.60	0.36	0.31
Proportion of borrowers whose first formal loan is from the Company	27.55%	4.84%	21.63%	16.65%	16.48%
Gross AUM per active borrowers *(₹)*	25,503	21,397	24,917	21,857	19,269
Gross AUM per active loan account *(₹)*	24,812	21,101	24,329	21,578	19,026
Average portfolio loan amount outstanding per active borrowers *(₹)*	24,462	21,413	20,973	19,427	16,691
Disbursements in the period/year per active loan account *(₹)*	26,635	13,878	22,156	17,263	18,855
Disbursement turnaround time *(days)*	4	8	5	6	8
Employees *(numbers)*	9,262	6,519	8,704	6,351	5,767
Gross AUM per employee	7.98	7.10	7.80	7.30	6.25
Disbursements in the period/year per employee	8.56	4.67	7.10	5.84	6.20
Loan officers *(numbers)*	5,954	4,062	5,840	4,133	3,787
Gross AUM per loan officer *(₹ in millions)*	12.41	11.40	11.62	11.22	9.52
Disbursements in the period/year per loan officer	13.32	7.50	10.58	8.98	9.44
Active borrowers per loan officer *(numbers)*	487	533	466	513	494

Figures disclosed in the above table are not measures of financial position, financial performance or cash flows defined by generally accepted accounting principles, and may not be comparable to similarly-titled measures presented by other companies.

Notes:

(1) Gross disbursements represent the aggregate of all loan amounts extended to all our customers for the relevant period/year.

(2) Disbursement growth represents growth in disbursements for the relevant period/year as a percentage of disbursements for the previous period/year. June 2022 has been compared with the June 2021 AUM.

(3) Collection efficiency represents the ratio of our collections (including overdue collections) to billings for the relevant period/year.

(4) Outstanding value of securitized, assigned and managed loans represents the value of principal outstanding on loan portfolio as of the last day of the relevant period/year.

(5) Active borrowers refers to our borrowers which had an active loan account as of the last day of the relevant period/year.

(6) Active loan accounts represents the aggregate number of all loan assets under management which includes loan assets held by our Company as of the last day of the relevant period/year as well as loan assets which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant period/year.

(7) Repeat borrowers represents the number of borrowers who have taken one or more additional loans from us after taking their initial loan.

(8) Unique borrowers refers to borrowers who are in the first loan cycle with us.

The following table sets forth information regarding the outstanding amounts of our Company's loans for the months indicated:

	For the months of								
	June 2022			May 2022			April 2022		
Particulars	Total Active Loans	Total Principal Outstanding (₹ in millions)	% of Total AUM (%)	Total Active Loans	Total Principal Outstanding (₹ in millions)	% of Total AUM (%)	Total Active Loans	Total Principal Outstanding (₹ in millions)	% of Total AUM (%)
Total before April 1, 2021	778,612	8,639.64	11.69%	933,964	11,346.52	15.52%	1,013,321	13,055.36	18.52%
Total on and after April 1, 2021	2,193,403	63,606.43	86.08%	2,035,076	60,190.79	82.35%	1,860,733	55,973.55	79.41%
Grand total..........................	**2,972,015**	**72,246.06**	**97.77%**	**2,969,040**	**71,537.31**	**97.88%**	**2,874,054**	**69,028.91**	**97.94%**
MSME..................................	6,028	1,644.17	2.23%	5,665	1,550.69	2.12%	5,287	1,454.59	2.06%
Total on-book portfolio	**2,978,043**	**73,890.23**	**100.00%**	**2,974,705**	**73,087.99**	**100.00%**	**2,879,341**	**70,483.50**	**100.00%**

	For the months of											
	March 2022			February 2022			January 2022			December 2021		
Particulars	Total Active Loans	Total Principal Outstanding (₹ in millions)	% of Total AUM (%)	Total Active Loans	Total Principal Outstanding (₹ in millions)	% of Total AUM (%)	Total Active Loans	Total Principal Outstanding (₹ in millions)	% of Total AUM (%)	Total Active Loans	Total Principal Outstanding (₹ in millions)	% of Total AUM (%)
Total before April 1, 2021......	1,096,867	14,911.15	21.97%	1,234,793	18,125.74	27.44%	1,311,298	20,100.52	31.97%	1,383,988	22,199.88	37.07%
Total on and after April 1, 2021......	1,687,322	51,557.35	75.98%	1,504,770	46,762.23	70.79%	1,325,956	41,740.43	66.40%	1,153,854	36,793.09	61.44%
Grand total.......	**2,784,189**	**66,468.49**	**97.95%**	**2,739,563**	**64,887.97**	**98.22%**	**2,637,254**	**61,840.94**	**98.37%**	**2,537,842**	**58,992.97**	**98.52%**
MSME..............	5,016	1,391.22	2.05%	4,310	1,173.43	1.78%	3,806	1,023.14	1.63%	3,357	889.21	1.48%
Total on-book portfolio...........	**2,789,205**	**67,859.71**	**100.00%**	**2,743,873**	**66,061.40**	**100.00%**	**2,641,060**	**62,864.09**	**100.00%**	**2,541,199**	**59,882.18**	**100.00%**

Gross AUM in Various States and Union Territories

The following table sets forth our Gross AUM in various states and union territories of India as of the dates indicated:

	As of June 30,				As of March 31,					
	2022		2021		2022		2021		2020	
State	Gross AUM	% of Gross AUM	Gross AUM	% of Gross AUM	Gross AUM	% of Gross AUM	Gross AUM	% of Gross AUM	Gross AUM	% of Gross AUM
	(₹ in millions, except percentages)									
1. Bihar	14,148.05	19.15%	8,364.38	18.06%	12,656.96	18.65%	8,464.57	18.25%	6,827.12	18.93%
2. Uttar Pradesh............	14,219.64	19.24%	7,853.27	16.96%	12,296.10	18.12%	7,853.84	16.93%	6,029.31	16.72%
3. Odisha.......................	8,438.10	11.42%	6,162.73	13.31%	7,869.12	11.60%	6,259.02	13.50%	4,937.33	13.69%
4. Madhya Pradesh........	6,751.85	9.14%	4,233.79	9.14%	6,319.69	9.31%	4,381.36	9.45%	3,686.18	10.22%
5. Tamil Nadu	5,296.58	7.17%	3,160.15	6.82%	5,201.43	7.66%	2,969.17	6.40%	1,833.44	5.08%
6. Punjab	4,829.90	6.54%	3,741.06	8.08%	4,644.01	6.84%	3,619.33	7.80%	3,059.82	8.48%
7. Rajasthan..................	4,968.79	6.72%	2,594.50	5.60%	4,590.39	6.76%	2,603.27	5.61%	1,543.17	4.28%
8. Haryana....................	3,909.30	5.29%	3,135.32	6.77%	3,868.03	5.70%	3,126.31	6.74%	2,733.13	7.58%
9. Jharkhand.................	3,532.64	4.78%	2,163.41	4.67%	3,192.41	4.70%	2,135.31	4.60%	1,610.84	4.47%
10. Uttarakhand..............	1,940.24	2.63%	1,299.68	2.81%	1,821.24	2.68%	1,342.74	2.90%	1,090.30	3.02%
11. Gujarat	1,683.11	2.28%	904.92	1.95%	1,539.49	2.27%	839.43	1.81%	527.61	1.46%
12. Chhattisgarh	1,467.48	1.99%	784.52	1.69%	1,313.82	1.94%	813.50	1.75%	591.15	1.64%
13. West Bengal	1,131.79	1.53%	809.14	1.75%	1,059.38	1.56%	830.22	1.79%	714.16	1.98%
14. Delhi	517.76	0.70%	220.92	0.48%	481.78	0.71%	223.07	0.48%	61.36	0.17%
15. Maharashtra..............	477.62	0.65%	256.62	0.55%	435.52	0.64%	286.08	0.62%	238.81	0.66%
16. Himachal Pradesh	285.23	0.39%	164.54	0.36%	256.40	0.38%	147.61	0.32%	107.70	0.30%
17. Puducherry	181.38	0.25%	101.03	0.22%	178.35	0.26%	100.75	0.22%	77.41	0.21%
18. Assam	106.65	0.14%	360.94	0.78%	135.60	0.20%	382.81	0.83%	396.41	1.10%
19. Jammu & Kashmir	4.12	0.01%	–	–	–	–	–	–	–	–
Total	**73,890.23**	**100.00%**	**46,310.92**	**100.00%**	**67,859.71**	**100.00%**	**46,378.39**	**100.00%**	**36,065.24**	**100.00%**
Three largest states by gross AUM[(1)] (%)...........	**36,805.79**	**49.81%**	**22,380.38**	**48.33%**	**32,822.18**	**48.37%**	**22,577.43**	**48.68%**	**17,793.76**	**49.34%**
Five largest states by gross AUM[(2)] (%)...........	**48,854.21**	**66.12%**	**30,355.22**	**65.55%**	**44,343.29**	**65.35%**	**30,578.12**	**65.93%**	**24,539.77**	**68.04%**

Notes:

(1) Our three largest states in terms of gross AUM are Bihar, Uttar Pradesh and Odisha.

(2) Our five largest states in terms of gross AUM are Bihar, Uttar Pradesh, Odisha, Madhya Pradesh and Tamil Nadu.

Geographical Spread of Gross AUM by Region Type

The following table sets forth the breakdown of our gross AUM by urban and rural regions as of the dates indicated:

	As of June 30,				As of March 31,					
	2022		2021		2022		2021		2020	
Particulars	**Gross AUM**	**% of Gross AUM**	**Gross AUM**	**% of Gross AUM**	**Gross AUM**	**% of Gross AUM**	**Gross AUM**	**% of Gross AUM**	**Gross AUM**	**% of Gross AUM**
	(₹ in millions, except percentages)									
Urban[(1)]......	6,378.24	8.63%	3,521.38	7.60%	5,846.79	8.62%	3,590.69	7.74%	2,801.47	7.77%
Rural[(2)].......	67,511.99	91.37%	42,789.53	92.40%	62,012.91	91.38%	42,787.70	92.26%	33,263.77	92.23%
Total.........	**73,890.23**	**100.00%**	**46,310.91**	**100.00%**	**67,859.71**	**100.00%**	**46,378.39**	**100.00%**	**36,065.25**	**100.00%**

Notes:

(1) Urban represents the regions in India that are located in towns and cities.
(2) Rural represents the regions in India that are located outside towns and cities.

Number of Branches in Various States and Union Territories

The following table sets forth the number of branches in various states and union territories of India as of the dates indicated:

	As of June 30,				As of March 31,					
	2022		2021		2022		2021		2020	
State	**Branches**	**% of Total Branches**	**Branches**	**% of Total Branches**	**Branches**	**% of Total Branches**	**Branches**	**% of Total Branches**	**Branches**	**% of Total Branches**
	(numbers, except percentages)									
1. Bihar	135	13.98%	107	14.36%	131	14.03%	103	14.21%	80	13.45%
2. Uttar Pradesh	181	18.74%	98	13.15%	174	18.63%	95	13.10%	80	13.45%
3. Odisha....................	94	9.73%	84	11.28%	91	9.74%	84	11.59%	84	14.12%
4. Madhya Pradesh......	101	10.46%	90	12.08%	95	10.17%	89	12.28%	78	13.11%
5. Tamil Nadu	88	9.11%	67	8.99%	83	8.89%	63	8.69%	45	7.56%
6. Punjab	43	4.45%	36	4.83%	43	4.60%	34	4.69%	31	5.21%
7. Rajasthan	93	9.63%	69	9.26%	92	9.85%	64	8.83%	37	6.22%
8. Haryana..................	42	4.35%	36	4.83%	42	4.50%	36	4.97%	30	5.04%
9. Jharkhand...............	41	4.24%	35	4.70%	41	4.39%	35	4.83%	28	4.71%
10. Uttarakhand............	20	2.07%	17	2.28%	19	2.03%	16	2.21%	14	2.35%
11. Gujarat	36	3.73%	25	3.36%	34	3.64%	25	3.45%	16	2.69%
12. Chhattisgarh...........	30	3.11%	28	3.76%	30	3.21%	28	3.86%	22	3.70%
13. West Bengal...........	15	1.55%	15	2.01%	15	1.61%	15	2.07%	15	2.52%
14. Delhi	7	0.72%	5	0.67%	7	0.75%	5	0.69%	4	0.67%
15. Maharashtra	7	0.72%	7	0.94%	7	0.75%	7	0.97%	7	1.18%
16. Himachal Pradesh ...	8	0.83%	4	0.54%	7	0.75%	4	0.55%	2	0.34%
17. Puducherry.............	3	0.31%	2	0.27%	3	0.32%	2	0.28%	1	0.17%
18. Assam	20	2.07%	20	2.68%	20	2.14%	20	2.76%	21	3.53%
19. Jammu & Kashmir	2	0.21%	–	–	–	–	–	–	–	–
Total......................	**966**	**100.00%**	**745**	**100.00%**	**934**	**100.00%**	**725**	**100.00%**	**595**	**100.00%**

Financial and Operational Metrics of Branches in Three Largest States and Union Territories

The following table shows the financial and operational metrics of our branches in the three largest states and union territories by percentage of our Gross AUM, Bihar, Uttar Pradesh and Odisha, as of June 30, 2022:

	As of June 30, 2022		
Particulars	**Bihar**	**Uttar Pradesh**	**Odisha**
	(₹ in millions, except otherwise indicated)		
Gross AUM attributable to branches in the relevant state[(1)]	14,148.05	14,219.64	8,438.10

Particulars	As of June 30, 2022		
	Bihar	Uttar Pradesh	Odisha
	(₹ in millions, except otherwise indicated)		
Gross disbursements attributable to branches in the relevant state[(2)]...	3,998.19	4,393.27	2,278.44
Collections[(3)]...	2,742.43	2,583.31	1,657.25
Collection efficiency[(4)]...	98.09%	97.58%	93.76%
Active borrowers[(5)] *(numbers in millions)*...	0.56	0.54	0.35
Employees[(6)] *(numbers)*...	1,270	1,786	926
Loan officers[(7)] *(numbers)*...	851	1,178	621
Branches[(8)] *(numbers)*...	135	181	94
Districts[(9)] *(numbers)*...	35	68	30
Total income per branch[(10)]...	20.22	14.36	17.00
Gross NPAs / Loans to customers outstanding[(11)]...	1.90%	1.56%	4.36%
Net NPAs / Loans to customers outstanding[(12)]...	-	-	-
Yield[(13)]...	22.80%	21.39%	22.06%

Notes:

(1) Gross AUM attributable to the branches in the relevant state represents the aggregate of principal outstanding for all loans to customers and assets pertaining to securitization, assignment of receivables and business correspondent portfolio for such branches as of the last day of the relevant period/year.

(2) Gross disbursements attributable to the branches in the relevant state represent the aggregate of all loan amounts extended to all customers of the branches in the relevant state for the relevant period/year.

(3) Collections represent all of our collections (including overdue collections) attributable to the branches in the relevant state for the relevant period/year.

(4) Collection efficiency represents the ratio of our collections (including overdue collections) to billings for the branches in the relevant state for the relevant period/year.

(5) Active borrowers represents the total number of active borrowers attributable to the branches in the relevant state as of the last day of the relevant period/year.

(6) Employees represents the total number of our employees attributable to the branches in the relevant state as of the last day of the relevant period/year.

(7) Loan officers represents the total number of our loan officers attributable to the branches in the relevant state as of the last day of the relevant period/year.

(8) Branches represents the total number of branches in the relevant state as of the last day of the relevant period/year.

(9) Districts represents the number of districts in which we are operating in the relevant state as of the last day of the relevant period/year.

(10) Total income per branch represents the simple average of our total income attributable to the branches in the relevant state for the relevant period/year.

(11) Gross NPAs / Loans to customer outstanding represents gross NPAs (attributable to the branches in the relevant state) as of the last day of the relevant period/year as a percentage of gross AUM attributable to the branches in the relevant state for the relevant period/year.

(12) Net NPAs / Loans to customers outstanding represents net NPAs (attributable to the branches in the relevant state) as of the last day of the relevant period/year as a percentage of gross AUM attributable to the branches in the relevant state for the relevant period/year.

(13) Yield represents the interest income derived on loans (attributable to the branches in the relevant state) as a percentage of the value of the average outstanding owned portfolio (attributable to the branches in the relevant state).

Restructured Book

The RBI issued a directive, DOR.STR.REC.12/21.04.048/2021-22, dated May 5, 2021, with the objective of alleviating potential stress to individual borrowers and small businesses impacted due to resurgence of COVID-19 and permitted resolution plans for existing loans as per norms. As of June 30, 2022, considering the resolution plans, our restructured portfolio stood at ₹428.41 million, representing 0.58% of our total AUM. All restructuring has been done based on this RBI guideline in the second and third quarters of the financial year 2022.

Financial and Operational Metrics of Mature Branches

We had 375 branches that were open as of April 1, 2018 (net of closures, if any) (**"mature branches at the start of the financial year 2019"**). The following table sets out the financial and operational metrics of these 375 mature branches at the start of financial year 2019, as of the dates indicated:

Particulars	As of June 30,		As of March 31,		
	2022	2021	2022	2021	2020
	(₹ in millions, except otherwise indicated)				
Gross AUM[(1)]...	38,975.57	29,866.18	37,224.98	31,070.78	27,021.43
Gross AUM growth...	30.50%	17.42%	19.81%	14.99%	18.38%

Particulars	As of June 30, 2022	As of June 30, 2021	As of March 31, 2022	As of March 31, 2021	As of March 31, 2020
	(₹ in millions, except otherwise indicated)				
Gross disbursements[(2)]	9,798.48	4,346.39	33,195.90	24,164.10	26,450.77
Disbursements growth	125.44%	3,037.42%	37.38%	(8.65)%	10.08%
Collections[(3)]	7,858.69	6,247.43	26,651.43	20,305.71	24,954.61
Collections efficiency[(4)]	94.87%	88.92%	92.02%	96.65%	98.31%
Active borrowers *(numbers in millions)*	1.54	1.40	1.52	1.42	1.39
Average Gross AUM per customer (loan ticket size) *(₹)*	25,268.55	21,301.34	24,555.97	21,824.38	19,376.30
Employees *(numbers)*	4,351	3,747	4,257	3,782	3,755
Loan officers *(numbers)*	2,903	2,335	2,960	2,495	2,475
Gross AUM per branch	109.48	83.66	104.56	87.28	72.64
Disbursements per branch	110.10	48.70	93.25	67.88	71.10
Collections per branch	88.30	70.00	74.86	57.04	67.08
Total income per branch	21.09	16.74	17.30	15.81	14.02
Active borrowers per branch *(numbers)*	4,333	3,927	4,258	3,999	3,749
Average number of branches per district *(numbers)*	1.85	1.85	1.84	1.84	1.87
Gross AUM per loan officer	13.43	12.79	12.58	12.45	10.92
Disbursement per loan officer	13.50	7.45	11.21	9.69	10.69
Collections per loan officer	10.83	10.70	9.00	8.14	10.08
Total income per loan officer	2.59	2.56	2.08	2.26	2.11
Active borrowers per loan officer *(numbers)*	531	600	512	571	563
Repeat borrowers *(numbers)*	862,563	881,095	878,151	875,990	664,367
Gross NPAs / Loans to customers outstanding[(5)]	3.73%	4.73%	5.54%	2.81%	1.00%
Net NPAs / Loans to customers outstanding[(6)]	–	–	–	–	–

Notes:

(1) Gross AUM attributable to mature branches at the start of the financial year 2019 represents the aggregate of principal outstanding for all loans to customers and assets pertaining to securitization, assignment of receivables and business correspondent portfolio for mature branches as of the last day of the relevant period/year.

(2) Gross disbursements represent the aggregate of all loan amounts extended to all customers of mature branches for the relevant period/year.

(3) Collections represent all of our collections (including overdue collections) attributable to mature branches for the relevant period/year.

(4) Collection efficiency represents the ratio of our collections (including overdue collections) for our mature branches to billings for the relevant period/year.

(5) Gross NPAs / Loans to customer outstanding represents Gross NPAs (attributable to mature branches) as of the last day of the relevant period/year as a percentage of gross AUM attributable to mature branches for the relevant period/year.

(6) Net NPAs / Loans to customers outstanding represents Net NPAs (attributable to mature branches) as of the last day of the relevant period/year as a percentage of gross AUM attributable to mature branches for the relevant period/year.

We had 504 branches that were open as of April 1, 2019 (net of closures, if any) (**"mature branches at the start of the financial year 2020"**). The following table sets out the financial and operational metrics of these 504 mature branches at the start of the financial year 2020, as of the dates indicated:

Particulars	As of June 30, 2022	As of June 30, 2021	As of March 31, 2022	As of March 31, 2021	As of March 31, 2020
	(₹ in millions, except otherwise indicated)				
Gross AUM[(1)]	51,138.93	39,065.97	49,003.63	39,155.42	34,390.29
Gross AUM growth	30.90%	20.64%	25.15%	13.86%	30.20%
Gross disbursements[(2)]	12,759.72	5,729.42	43,605.20	26,612.94	34,130.34
Disbursements growth[(2)]	122.71%	3,124.21%	63.85%	(22.03)%	21.01%
Collections[(3)]	10,294.12	8,014.87	34,575.89	26,010.70	29,883.97
Collection efficiency[(4)]	94.42%	87.86%	91.46%	96.23%	98.35%
Active borrowers *(numbers in millions)*	2.05	1.41	2.02	1.88	1.80
Average outstanding loan amount per customer (loan ticket size) *(₹)*	24,991	27,777	24,281	20,837	19,114
Employees *(numbers)*	5587	4802	5,459	4,830	4,828
Loan officers *(numbers)*	3742	3070	3,835	3,254	3,265
Gross AUM per branch	101.67	77.51	97.42	77.84	68.37
Disbursements per branch	101.47	40.47	86.69	52.91	67.85
Collections per branch	81.86	63.61	68.74	51.71	59.41
Total income per branch	19.55	15.39	15.98	14.83	12.77
Active borrowers per branch *(numbers)*	4,068	2,791	4,012	3,736	3,577
Average number of branches per district *(numbers)*	2.00	1.98	1.98	1.98	1.98
Gross AUM per loan officer	13. 67	12.73	12.78	12.03	10.53

Particulars	As of June 30, 2022	As of June 30, 2021	As of March 31, 2022	As of March 31, 2021	As of March 31, 2020
	(₹ in millions, except otherwise indicated)				
Disbursement per loan officer	13.64	7.47	11.37	8.18	10.45
Collections per loan officer	11.00	10.44	9.02	7.99	9.15
Total income per loan officer	2.63	2.53	2.10	2.21	1.97
Active borrowers per loan officer *(numbers)*	547	458	526	577	551
Repeat borrowers *(numbers)*	1,101,145	1,071,457	1,112.381	1,050,496	713,197
Gross NPAs / Loans to customers outstanding(5)	3.91%	5.11%	5.80%	3.20%	1.03%
Net NPAs / Loans to customers outstanding(6)	–	–	–	–	–

Notes:

(1) Gross AUM attributable to mature branches at the start of the financial year 2020 represents the aggregate of principal outstanding for all loans to customers and assets pertaining to securitization, assignment of receivables and business correspondent portfolio for such branches as of the last day of the relevant period/year.

(2) Gross disbursements represent the aggregate of all loan amounts extended to all customers of recently opened branches for the relevant period/year.

(3) Collections represent all of our collections (including overdue collections) attributable to recently opened branches for the relevant period/year.

(4) Collection efficiency represents the ratio of our collections (including overdue collections) for our recently opened branches to billings for the relevant period/year.

(5) Gross NPAs / Loans to customer outstanding represents Gross NPAs (attributable to recently opened branches) as of the last day of the relevant period/year as a percentage of gross AUM for the relevant period/year.

(6) Net NPAs / Loans to customers outstanding represents Net NPAs (attributable to recently opened branches) as of the last day of the relevant period/year as a percentage of gross AUM for the relevant period/year.

We had 591 branches that were open as of April 1, 2020 (net of closures, if any) (**"mature branches at the start of the financial year 2021"**). The following table sets out the financial and operational metrics of these 591 mature branches at the start of the financial year 2021, as of the dates indicated:

Particulars	As of June 30, 2022	As of June 30, 2021	As of March 31, 2022	As of March 31, 2021
	(₹ in millions, except otherwise indicated)			
Gross AUM(1)	57,351.38	42,910.61	54,895.44	44,097.02
Gross AUM growth	33.65%	25.85%	24.49%	22.29%
Gross disbursements(2)	14,334.76	6,414.33	49,131.18	34,884.35
Disbursements growth(2)	123.48%	3,461.34%	40.84%	(2.36)%
Collections(3)	11,531.38	8,762.23	38,363.55	27,645.83
Collection efficiency(4)	94.55%	88.09%	91.73%	96.35%
Active borrowers *(numbers in millions)*	2.30	2.04	2.27	2.05
Average outstanding loan amount per customer (loan ticket size) *(₹)*	24,895	20,986	24,235	21,518
Employees *(numbers)*	6,303	5,393	6,147	5,411
Loan officers *(numbers)*	4,261	3,519	4,364	3,701
Gross AUM per branch	97.21	72.61	92.89	74.61
Disbursements per branch	24.30	10.85	83.13	59.03
Collections per branch	19.54	14.83	64.91	46.78
Total income per branch	18.72	14.48	15.17	13.05
Active borrowers per branch *(numbers)*	3,905	3,460	3,833	3,468
Average number of branches per district *(numbers)*	2.10	2.09	2.09	2.09
Gross AUM per loan officer	13.46	12.19	12.58	11.91
Disbursement per loan officer	13.46	7.29	11.26	9.43
Collections per loan officer	10.83	9.96	8.79	7.47
Total income per loan officer	2.59	2.43	2.05	2.08
Active borrowers per loan officer *(numbers)*	541	581	519	554
Repeat borrowers *(numbers)*	1,191,556	1,100,386	1,244,696	1,080,325
Gross NPAs / Loans to customers outstanding(5)	3.75%	4.82%	5.54%	2.92%
Net NPAs / Loans to customers outstanding(6)	-	-	–	–

Notes:

(1) Gross AUM attributable to mature branches at the start of the financial year 2021 represents the aggregate of principal outstanding for all loans to customers and assets pertaining to securitization, assignment of receivables and business correspondent portfolio for such branches as of the last day of the relevant period/year.

(2) Gross disbursements represent the aggregate of all loan amounts extended to all customers of recently opened branches for the relevant period/year.

(3) Collections represent all of our collections (including overdue collections) attributable to recently opened branches for the relevant period/year.

(4) Collection efficiency represents the ratio of our collections (including overdue collections) for our recently opened branches to billings for the relevant period/year.

(5) Gross NPAs / Loans to customer outstanding represents Gross NPAs (attributable to recently opened branches) as of the last day of the relevant period/year as a percentage of gross AUM for the relevant period/year.

(6) Net NPAs / Loans to customers outstanding represents Net NPAs (attributable to recently opened branches) as of the last day of the relevant period/year as a percentage of gross AUM for the relevant period/year.

Geographical Spread of Branches by Region Type

The following table sets forth the breakdown of our number of branches by urban and rural regions as of the dates indicated:

	As of June 30,				As of March 31,					
	2022		2021		2022		2021		2020	
Particulars	Branches	% of Branches	Branches	% of Branches	Branches	% of Branches	Branches	% of Branches	Branches	% of Branches
	(numbers, except percentages)									
Urban[1].......	270	27.95%	229	30.70%	263	28.16%	223	30.76%	185	31.09%
Rural[2]........	696	72.05%	516	69.30%	671	71.84%	502	69.24%	410	68.91%
Total..........	**966**	**100.00%**	**745**	**100.00%**	**934**	**100.00%**	**725**	**100.00%**	**595**	**100.00%**

Notes:

(1) Urban represents the regions in India that are located in towns and cities.
(2) Rural represents the regions in India that are located outside towns and cities.

Geographical Spread of Active Borrowers

The following table sets forth the number of our active borrowers in the various states and union territories of India as of the dates indicated:

	As of June 30,				As of March 31,					
	2022		2021		2022		2021		2020	
State	Active Borrowers	% of Total Borrowers	Active Borrowers	% of Total Borrowers	Active Borrowers	% of Total Borrowers	Active Borrowers	% of Total Borrowers	Active Borrowers	% of Total Borrowers
	(numbers, except percentages)									
1. Bihar.......................	557,532	19.24%	391,310	18.08%	517,001	18.98%	385,520	18.17%	365,192	19.51%
2. Uttar Pradesh	530,148	18.30%	353,360	16.33%	471,765	17.32%	347,622	16.38%	3,04,362	16.26%
3. Odisha.....................	343,358	11.85%	296,552	13.70%	328,038	12.04%	294,039	13.86%	273,579	14.62%
4. Madhya Pradesh	261,915	9.04%	210,850	9.74%	253,972	9.33%	212,019	9.99%	209,170	11.18%
5. Tamil Nadu............	223,805	7.72%	148,186	6.85%	214,953	7.89%	137,556	6.48%	80,478	4.30%
6. Punjab.....................	194,192	6.70%	164,927	7.62%	186,798	6.86%	158,998	7.49%	135,482	7.24%
7. Rajasthan	193,041	6.66%	121,125	5.60%	180,540	6.63%	115,614	5.45%	80,034	4.28%
8. Haryana	146,091	5.04%	137,969	6.37%	147,221	5,41%	136,205	6.42%	122,860	6.56%
9. Jharkhand...............	148,592	5.13%	103,591	4.79%	138,594	5.09%	100,746	4.75%	92,328	4.93%
10. Uttarakhand	70,813	2.44%	56,828	2.63%	67,854	2.49%	56,374	2.66%	49,323	2.64%
11. Gujarat....................	69,385	2.39%	43,844	2.03%	65,143	2.39%	40,317	1.90%	28,366	1.52%
12. Chhattisgarh...........	58,063	2.00%	38,888	1.80%	53,139	1.95%	39,021	1.84%	31,974	1.71%
13. West Bengal...........	51,127	1.76%	43,196	2.00%	49,417	1.81%	43,222	2.04%	42,336	2.26%
14. Delhi.......................	3,576	0.12%	2,400	0.11%	3,359	0.12%	2,470	0.12%	2,029	0.11%
15. Maharashtra	18,837	0.65%	13,717	0.63%	17,574	0.65%	14,457	0.68%	14,032	0.75%
16. Himachal Pradesh...	11,187	0.39%	7,153	0.33%	10,157	0.37%	6,408	0.30%	4,465	0.24%
17. Puducherry.............	7,664	0.26%	5,230	0.24%	7,334	0.27%	5,129	0.24%	4,123	0.22%
18. Assam	7,898	0.27%	25,240	1.17%	10,590	0.39%	26,156	1.23%	31,508	1.68%
19. Jammu & Kashmir..	124	0.00%	–	–	–	–	–	–	–	–
Total.......................	**2,897,348**	**100.00%**	**2,164,366**	**100.00%**	**2,723,449**	**100.00%**	**2,121,873**	**100.00%**	**1,871,641**	**100.00%**

Geographical Spread of Loan Accounts

The following table sets forth the number of loan accounts in the various states and union territories and union territories of India as of the dates indicated:

		As of June 30,				As of March 31,					
		2022		2021		2022		2021		2020	
		Loan Accounts	% of Loan Accounts	Loan Accounts	% of Loan Accounts	Loan Accounts	% of Loan Accounts	Loan Accounts	% of Loan Accounts	Loan Accounts	% of Loan Accounts
	State	*(numbers, except percentages)*									
1.	Bihar	562,717	18.90%	393,822	17.94%	519,462	18.62%	388,990	18.10%	368,292	19.43%
2.	Uttar Pradesh	540,020	18.13%	357,595	16.29%	479,868	17.20%	350,251	16.30%	307,199	16.21%
3.	Odisha	353,486	11.87%	301,196	13.72%	338,800	12.15%	297,700	13.85%	275,006	14.51%
4.	Madhya Pradesh	270,005	9.07%	215,996	9.84%	259,552	9.31%	217,868	10.14%	217,455	11.47%
5.	Tamil Nadu	247,665	8.32%	154,714	7.05%	236,279	8.47%	143,265	6.67%	83,525	4.41%
6.	Punjab	197,796	6.64%	166,918	7.61%	190,205	6.82%	160,348	7.46%	136,266	7.19%
7.	Rajasthan	196,080	6.58%	121,552	5.54%	182,485	6.54%	115,924	5.39%	80,318	4.24%
8.	Haryana	150,863	5.07%	138,425	6.31%	150,624	5.40%	136,292	6.34%	122,823	6.48%
9.	Jharkhand	150,829	5.06%	104,302	4.75%	139,792	5.01%	101,510	4.72%	92,488	4.88%
10.	Uttarakhand	73,129	2.46%	57,361	2.61%	69,619	2.50%	56,671	2.64%	49,885	2.63%
11.	Gujarat	70,477	2.37%	44,100	2.01%	65,971	2.37%	40,503	1.88%	28,625	1.51%
12.	Chhattisgarh	62,561	2.10%	40,681	1.85%	56,463	2.02%	40,966	1.91%	33,975	1.79%
13.	West Bengal	52,107	1.75%	43,642	1.99%	50,212	1.80%	43,675	2.03%	42,444	2.24%
14.	Delhi	3,999	0.13%	2,661	0.12%	3,755	0.13%	2,704	0.13%	2,462	0.13%
15.	Maharashtra	18,971	0.64%	13,880	0.63%	17,687	0.63%	14,672	0.68%	14,397	0.76%
16.	Himachal Pradesh	11,359	0.38%	7,254	0.33%	10,245	0.37%	6,531	0.30%	4,624	0.24%
17.	Puducherry	7,974	0.27%	5,450	0.25%	7,632	0.27%	5,355	0.25%	4,330	0.23%
18.	Assam	7,881	0.26%	25,189	1.15%	10,554	0.38%	26,104	1.21%	31,449	1.66%
19.	Jammu & Kashmir	124	0.00%	-	-	-	-	-	-	-	-
	Total	**2,978,043**	**100%**	**2,194,738**	**100.00%**	**2,789,205**	**100.00%**	**2,149,329**	**100.00%**	**1,895,563**	**100.00%**

Exposure of Districts

The following table sets forth the breakdown of the districts we operate in based on their contribution to our gross AUM, as of the dates indicated:

	As of June 30,		As of March 31,							
	2022		2021		2022		2021		2020	
Contribution of Gross AUM	Districts	% of Total Districts	Districts	% of Total Districts	Districts	% of Total Districts	Districts	% of Total Districts	Districts	% of Total Districts
	(numbers, except percentages)									
0.0% – 0.5%	327	86.74%	268	80.97%	315	85.60%	263	80.67%	223	78.25%
0.5% – 1.0%	41	10.88%	51	15.41%	46	12.50%	49	15.03%	51	17.89%
1.0% – 3.0%	9	2.39%	12	3.63%	7	1.90%	14	4.29%	11	3.86%
Total	**377**	**100.00%**	**331**	**100.00%**	**368**	**100.00%**	**326**	**100.00%**	**285**	**100.00%**

Breakdown of Loans Outstanding by Economic Activity of Customers

The following table sets forth the details of our Company's total outstanding loan portfolio classified according to our customers' principal economic activity, as of June 30, 2022:

Loan Type	Number of Loans Outstanding	AUM	Percentage of Total AUM
		(₹ in millions)	*(%)*
Income-generating loans:			
Agriculture-allied and agriculture	2,262,482	56,942.61	77.06%
Manufacturing and production	304,795	7,393.60	10.01%
Trade and retail	152,720	3,580.67	4.85%

Loan Type	Number of Loans Outstanding	AUM (₹ in millions)	Percentage of Total AUM (%)
Services	143,508	3,224.00	4.36%
Others	24,352	624.32	0.84%
Top-up loans	56,353	286.73	0.39%
Cross-sell loans	27,805	194.13	0.26%
Subtotal for income-generating loans	**2,972,015**	**72,246.06**	**97.77%**
MSME loans	**6,028**	**1,644.17**	**2.23%**
Total	**2,978,043**	**73,890.23**	**100.00%**

Collection Efficiency and Disbursements

Collection efficiency represents the ratio of our collections (including overdue collections) for the period/year to billings for the period/year.

The following table sets forth a breakdown of our collection efficiency and disbursements for the months indicated:

Months	Collection Efficiency(1) (%)	Disbursements (₹ in millions)
April 2021	92.04%	3,044.48
May 2021	84.31%	1,022.47
June 2021	88.81%	3,547.66
July 2021	93.63%	5,146.19
August 2021	93.02%	5,151.87
September 2021	93.65%	5,805.94
October 2021	94.01%	5,953.53
November 2021	91.51%	5,612.04
December 2021	92.87%	6,347.27
January 2022	93.49%	6,435.47
February 2022	94.48%	6,688.22
March 2022	94.35%	7,042.66
April 2022	95.29%	6,584.09
May 2022	95.17%	6,830.15
June 2022	95.20%	6,416.12

Notes:

(2) Collection efficiency represents the ratio of our collections (including overdue collections but excluding prepayments) to billings, for the relevant month.

The following table sets forth details of our collection efficiency in the various states and union territories of India for the period/years indicated:

		As of and for the Three Months Ended June 30,		For the Financial Year Ended March 31,		
	State	2022	2021	2022	2021	2020
1.	Bihar	98.09%	94.21%	96.15%	98.36%	99.54%
2.	Uttar Pradesh	97.58%	92.92%	95.61%	97.09%	98.18%
3.	Odisha	93.76%	88.70%	90.83%	95.23%	98.36%
4.	Madhya Pradesh	93.89%	82.43%	89.76%	95.80%	96.85%
5.	Tamil Nadu	93.10%	79.91%	90.69%	95.94%	99.83%
6.	Punjab	93.68%	84.91%	88.24%	95.53%	99.15%
7.	Rajasthan	94.17%	89.61%	92.75%	98.01%	99.01%

	State	As of and for the Three Months Ended June 30,		For the Financial Year Ended March 31,		
		2022	2021	2022	2021	2020
8.	Haryana	90.05%	86.61%	88.24%	97.25%	97.97%
9.	Jharkhand	94.69%	87.11%	90.59%	95.98%	97.57%
10.	Uttarakhand	96.59%	92.02%	95.51%	98.11%	98.50%
11.	Gujarat	94.37%	92.96%	93.76%	97.95%	99.68%
12.	Chhattisgarh	94.50%	76.68%	88.05%	95.05%	98.26%
13.	West Bengal	94.84%	88.92%	91.28%	97.4%	98.94%
14.	Delhi	99.93%	99.42%	99.80%	100.70%	99.74%
15.	Maharashtra	94.92%	86.79%	91.43%	95.06%	98.04%
16.	Himachal Pradesh	98.13%	97.43%	97.53%	99.26%	99.52%
17.	Puducherry	91.93%	82.96%	89.40%	95.05%	99.71%
18.	Assam	84.37%	47.20%	62.56%	63.49%	88.16%
19.	Jammu & Kashmir	0.00%	–	–	–	–
	Total	**95.22%**	**88.42%**	**92.32%**	**96.38%**	**98.36%**

The following table sets forth details of our collection efficiency in the various states and union territories of India for the months indicated:

	State	Apr-2022	May-2022	Jun-2022
1.	Bihar	98.09%	98.06%	98.12%
2.	Uttar Pradesh	97.57%	97.50%	97.65%
3.	Odisha	93.86%	93.78%	93.64%
4.	Madhya Pradesh	93.96%	93.76%	93.95%
5.	Tamil Nadu	93.38%	92.87%	93.06%
6.	Punjab	93.66%	93.87%	93.51%
7.	Rajasthan	94.52%	94.07%	93.96%
8.	Haryana	90.55%	90.21%	89.45%
9.	Jharkhand	94.72%	94.49%	94.85%
10.	Uttarakhand	96.82%	96.50%	96.46%
11.	Gujarat	94.19%	94.14%	94.74%
12.	Chhattisgarh	94.57%	94.14%	94.80%
13.	West Bengal	94.72%	95.05%	94.76%
14.	Delhi	99.79%	99.96%	100.02%
15.	Maharashtra	94.70%	94.72%	95.29%
16.	Himachal Pradesh	98.06%	98.14%	98.16%
17.	Puducherry	91.87%	91.67%	92.24%
18.	Assam	84.43%	85.99%	82.71%
19.	Jammu & Kashmir	0.00%	0.00%	0.00%

	State	Apr-2021	May-2021	Jun-2021	Jul-2021	Aug-2021	Sep-2021	Oct-2021	Nov-2021	Dec-2021	Jan-2022	Feb-2022	Mar-2022
1.	Bihar	96.70%	91.50%	94.38%	97.49%	96.65%	96.87%	96.44%	94.70%	96.25%	96.65%	97.69%	97.54%
2.	Uttar Pradesh	95.08%	89.33%	94.21%	97.27%	95.96%	96.42%	96.75%	94.46%	95.86%	96.49%	97.20%	97.07%
3.	Odisha	92.39%	86.30%	87.45%	91.39%	90.79%	90.78%	91.47%	90.19%	90.84%	92.33%	92.76%	92.56%
4.	Madhya Pradesh	86.68%	73.27%	87.03%	93.63%	92.07%	92.10%	93.57%	89.42%	90.77%	91.66%	92.50%	92.86%
5.	Tamil Nadu	94.22%	73.03%	73.02%	94.74%	96.06%	94.55%	94.25%	90.04%	92.02%	92.04%	93.80%	94.28%
6.	Punjab	86.29%	83.90%	84.51%	86.04%	85.08%	89.60%	91.02%	88.64%	89.64%	90.18%	91.34%	91.18%
7.	Rajasthan	91.90%	84.47%	92.19%	95.27%	94.34%	93.97%	94.27%	91.09%	92.68%	93.50%	94.02%	93.77%
8.	Haryana	91.05%	81.39%	87.25%	90.22%	88.24%	90.64%	90.69%	86.57%	88.25%	87.53%	89.32%	87.89%
9.	Jharkhand	91.01%	83.32%	86.95%	90.88%	90.90%	91.78%	91.36%	89.10%	91.15%	91.98%	93.14%	93.13%
10.	Uttarakhand	95.62%	86.47%	93.76%	98.03%	96.50%	97.13%	96.74%	94.73%	96.20%	96.49%	96.80%	96.68%
11.	Gujarat	93.46%	91.89%	93.48%	94.89%	94.34%	94.61%	94.81%	93.04%	93.08%	93.89%	93.96%	93.72%
12.	Chhattisgarh	75.97%	66.10%	87.95%	92.25%	91.05%	91.48%	91.95%	88.62%	89.97%	91.69%	92.87%	92.76%
13.	West Bengal	93.96%	87.07%	85.85%	92.27%	92.51%	91.13%	90.86%	90.04%	91.24%	91.85%	93.74%	94.12%
14.	Delhi	98.78%	97.99%	101.45%	100.06%	99.91%	99.78%	99.77%	100.06%	100.02%	99.93%	99.96%	99.83%
15.	Maharashtra	87.45%	83.42%	89.29%	92.66%	92.37%	91.48%	93.88%	91.35%	91.95%	93.33%	94.43%	94.04%
16.	Himachal Pradesh	98.21%	96.08%	97.91%	97.73%	97.47%	98.03%	97.92%	96.68%	97.49%	97.72%	97.40%	97.65%
17.	Puducherry	93.56%	78.00%	77.19%	90.77%	94.73%	90.76%	92.83%	87.38%	89.76%	89.60%	92.76%	92.66%
18.	Assam	55.95%	45.39%	39.54%	46.25%	64.62%	69.57%	77.18%	81.98%	80.80%	76.70%	84.41%	79.84%
19.	Jammu & Kashmir	–	–	–	–	–	–	–	–	–	–	–	–

The table below sets forth details of our collection efficiency for our portfolio for the months indicated, categorised as (i) disbursed before March 31, 2021; (ii) disbursed between April 1, 2021 and March 31, 2022; and (iii) disbursed between April 1, 2022 and June 30, 2022:

Month	Remarks	Current and Overdue Collection Efficiency	Total Collection Efficiency
April 2021	Disbursed before March 31, 2021	92.03%	98.28%
	Disbursed between April 1, 2021 and April 30, 2021	98.93%	101.66%
	Total	**92.04%**	**98.28%**
May 2021	Disbursed before March 31, 2021	83.92%	86.35%
	Disbursed between April 1, 2021 and May 31, 2021	98.07%	98.44%
	Total	**84.31%**	**86.68%**
June 2021	Disbursed before March 31, 2021	88.18%	97.97%
	Disbursed between April 1, 2021 and June 30, 2021	98.91%	99.37%
	Total	**88.81%**	**98.05%**
July 2021	Disbursed before March 31, 2021	93.03%	107.61%
	Disbursed between April 1, 2021 and July 31, 2021	99.58%	100.41%
	Total	**93.63%**	**106.95%**
August 2021	Disbursed before March 31, 2021	91.79%	103.15%
	Disbursed between April 1, 2021 and August 31, 2021	99.51%	100.24%
	Total	**93.02%**	**102.68%**
September 2021	Disbursed before March 31, 2021	91.91%	105.00%
	Disbursed between April 1, 2021 and September 30, 2021	99.33%	100.10%
	Total	**93.65%**	**103.86%**
October 2021	Disbursed before March 31, 2021	91.77%	107.34%
	Disbursed between April 1, 2021 and October 31, 2021	99.22%	99.98%
	Total	**94.01%**	**105.13%**
November 2021	Disbursed before March 31, 2021	87.40%	103.52%
	Disbursed between April 1, 2021 and November 30, 2021	98.92%	99.61%
	Total	**91.51%**	**102.13%**
December 2021	Disbursed before March 31, 2021	88.41%	106.44%
	Disbursed between April 1, 2021 and December 31, 2021	99.21%	100.40%
	Total	**92.87%**	**103.95%**
January 2022	Disbursed before March 31, 2021	88.38%	111.46%
	Disbursed between April 1, 2021 and January 31, 2022	99.16%	100.44%
	Total	**93.49%**	**106.24%**
February 2022	Disbursed before March 31, 2021	89.16%	115.25%
	Disbursed between April 1, 2021 and February 28, 2022	99.29%	100.85%
	Total	**94.48%**	**107.69%**
March 2022	Disbursed before March 31, 2021	87.68%	116.08%
	Disbursed between April 1, 2021 and March 31, 2022	99.22%	100.94%
	Total	**94.35%**	**107.33%**
Financial Year 2022	**Disbursed before March 31, 2021**	**89.54%**	**103.68%**
	Disbursed between April 1, 2021 and March 31, 2022	**99.20%**	**100.42%**
	Total demand and collection	**92.32%**	**102.75%**
April 2022	Disbursed before March 31, 2021	88.65%	123.46%
	Disbursed between April 1, 2021 and April 30, 2022	99.09%	100.07%
	Total	**95.29%**	**108.59%**
May 2022	Disbursed before March 31, 2021	87.10%	119.86%
	Disbursed between April 1, 2021 and May 31, 2022	98.95%	101.95%
	Total	**95.17%**	**107.67%**
June 2022	Disbursed before March 31, 2021	85.97%	109.54%
	Disbursed between April 1, 2021 and June 30, 2022	98.76%	102.64%
	Total	**95.20%**	**104.56%**
Three months ended June 30, 2022	**Disbursed before March 31, 2021**	87.30%	117.97%
	Disbursed between April 1, 2021 and June 30, 2022	98.92%	101.66%
	Total demand and collection	**95.22%**	**106.86%**

Capital Adequacy Ratio

All MFIs are required to maintain a capital adequacy ratio consisting of Tier I and Tier II capital which shall not be less than 15% of aggregate risk weighted assets on-balance sheet. The total of Tier II Capital at any point of time, shall not exceed 100% of Tier I capital.

The following table sets forth our Company's capital risk to asset ratios as of the dates indicated:

	As of June 30,		As of March 31,		
	2022	2021	2022	2021	2020
Particulars			*(₹ in millions, except percentages)*		
Tier I capital[(1)]	13,380.25	11,470.68	12,369.53	11,546.80	11,612.99
Tier II capital[(2)]	1,157.84	907.98	1,244.24	788.49	960.69
Total capital	**14,538.09**	**12,378.66**	**13,613.76**	**12,335.29**	**12,573.68**
Total risk-weighted assets[(3)]	**68,808.78**	**45,564.75**	**62,049.39**	**45,245.31**	**35,106.14**
CRAR – Tier I[(4)]	19.45%	25.17%	19.93%	25.52%	33.08%
CRAR – Tier II[(5)]	1.68%	1.99%	2.01%	1.74%	2.74%
CRAR[(6)]	**21.13%**	**27.16%**	**21.94%**	**27.26%**	**35.82%**

Notes:

(1) Tier I capital means owned funds 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 subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund.

(2) Tier II capital includes preference share capital, revaluation reserves, general provisions and loss reserves, hybrid debt capital instruments and subordinate debts to the extent the aggregate does not exceed Tier I capital.

(3) Total risk-weighted assets represents the weighted average of funded and non-funded items after applying the risk weights as assigned by the RBI.

(4) CRAR – Tier I represents our total Tier I capital divided by our total risk-weighted assets, calculated in accordance with RBI guidelines.

(5) CRAR – Tier II represents our total Tier II capital divided by our total risk-weighted assets, calculated in accordance with RBI guidelines.

(6) CRAR is calculated as total capital funds (Tier I capital plus Tier II capital) divided by our total risk-weighted assets.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at June 30, 2022, as derived from our Restated Financial Statements. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Statements*" and "*Risk Factors*" on pages 331, 248 and 27, respectively.

Particulars	As at June 30, 2022 (in ₹ million, unless otherwise stated)	As adjusted for the Offer
Borrowings		
Debt securities (I)	7,537.66	[●]
Borrowings (other than debt securities) (II)	50,935.37	[●]
Subordinated liabilities (III)	1,626.66	[●]
Total borrowings (IV = I + II + III)	60,099.69	[●]
Equity		
Equity share capital (V)	827.84	[●]
Other equity (VI)	13,336.81	[●]
Total equity (VII = V + VI)	14,164.65	[●]
Debt to equity ratio (*in times*) (VIII = IV/ VII)	4.24	[●]

Notes:

1) *Total borrowings represents the sum of debt securities, borrowings (other than debt securities) and subordinated liabilities as of the last day of the relevant period/year derived from our Restated Financial Statements.*
2) *The above has been computed on the basis on amounts derived from the Restated Financial Statements of the Company as on June 30, 2022.*
3) *The company is proposing to have public issue of shares comprising of a Fresh Issue and Offer for Sale by the Selling Shareholders.*
4) *The corresponding post-Offer capitalisation data for each of the above amounts given in the table is not determinable at this stage pending the completion of book building process and hence, the same have not been provided in the above statement.*

FINANCIAL INDEBTEDNESS

In furtherance of our Articles of Association and subject to applicable laws, our Board is authorised to borrow sums of money for the purposes of our Company, and upon such terms and conditions as the Board thinks fit. For further details regarding the borrowing powers of our Board, see the section titled "*Our Management*" on page 218**.**

Our Company has availed loans and bank facilities in the ordinary course of business, primarily for onward lending to the borrowers of the Company, repayment/refinancing of existing debt, general corporate and normal business purposes. One of our Promoters, Devesh Sachdev, has provided guarantee(s) in relation to certain of these loans.

Set forth below is a brief summary of our aggregate borrowings as at August 31, 2022:

Category of borrowing	**Sanctioned amount (in ₹million)**	**Outstanding amount as at August 31, 2022 (in ₹million)**
Term loans		
Secured	87,483.00	52,902.55
Unsecured	-	-
Non convertible debentures		
Secured	5,430.00	5,189.60
Unsecured	2,450.00	2,348.64
Subordinated debt	-	-
Secured	-	-
Unsecured	1,650.00	1,627.39
Other borrowings	-	-
Secured	890.42	887.99
Unsecured	-	-
Total	97,903.42	62,956.17

As certified by K. K. Mankeshwar & Co., Chartered Accountants, through their certificate dated October 25, 2022.

Principal terms of the borrowings availed by our Company:

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by us.

1. ***Interest:*** In terms of the facilities availed by us, the interest rate is typically base rate plus margin of the specified lender typically ranging from 7.05 % to 14.25 % per annum.

2. ***Tenor:*** The tenor of the facilities availed by us typically ranges from one year to nine years.

3. ***Security:*** In terms of our borrowings where security needs to be created, we are typically required to:

   (a) Create exclusive security by way of hypothecation on our Company's present and future book-debts limited to the loan Outstanding.

   (b) Maintain an asset cover for the loan by way of charge over the loan assets/ book debts at a minimum prescribed limit.

   (c) Provide cash collaterals; and,

   (d) Provide post-dated and undated cheques.

4. ***Prepayment:*** In terms of the facilities availed by our Company, we have the option to prepay the lenders, in part or in full- the debt together with all interests, prepayment premium/penalty and other charges and monies due and payable to the bank up to the due date. Some of these facilities provide for prepayment subject to the consent of the lender or a notice of prepayment to be given to the lender. Some of the term loans do not permit prepayment during the tenor of such term loans.

5. ***Re-payment:*** The loan facilities are repayable as per a fixed schedule in monthly, quarterly, half yearly and bullet instalments.

6. ***Key covenants:***

In terms of facility agreements and sanction letters, Company are required to:

(a) Provide audited or unaudited financial statements.

(b) Monitor compliance with financial covenants.

(c) Monitor end-use of the facility amounts for stated purpose for which the facility is availed.

(d) Intimate and/or take prior consent of the lenders about change in nature of business or change in ownership or control or management control.

(e) Intimate and/or take prior consent of the lenders about change in capital structure or shareholding pattern.

(f) Take prior consent from the lenders for entering into any scheme for merger, de-merger, arrangement, reconstruction, consolidation or reorganization or undertake any scheme for composition or arrangement.

(g) Take prior consent from the lenders before implementing any scheme of expansion, modernization, diversification, renovation.

(h) Observe restrictions on further indebtedness.

(i) Take prior consent of lenders before modification / amendment in the constitutional documents of our Company.

(j) Observe restrictions on further investments.

(k) Take prior consent of lenders before declaration of dividend subject to certain conditions.

(l) Intimate and/or take prior consent of lenders before change /dilution in promoter's or director's shareholding in our Company.

(m) Intimate and/or take prior consent of the lenders for any change to its board of directors or management.

7. ***Events of Default:***

In terms of facility agreements, sanction letters and offering memorandums, the following, among others, constitute as events of default:

(a) Failure and inability to pay amounts on the due date.

(b) Violation of any covenant of the relevant agreement or any other borrowing agreement.

(c) Use of the facility for investments in capital markets, or investment in land.

(d) Any material adverse effect which would have an effect on our ability to repay the facilities availed; suspension or cessation of business.

(e) Default under any other financing documents, mortgage, indenture or other related instrument.

(f) Any circumstance of expropriation or unlawfulness for continuance of facility.

8. ***Consequences of occurrence of events of default:***

In terms of facility agreements and sanction letters, the following, among others, are the consequences of occurrence of events of default, our lenders may:

(a) Withdraw or cancel the sanctioned facilities.

(b) Enforce their security over the hypothecated / mortgaged assets.

(c) Seek immediate repayment of all or part of the outstanding amounts under the respective facilities.

(d) Initiate legal proceedings for recovery of their dues.

(e) Convert whole or part of the outstanding due amount under the loan into equity shares of our Company; and

(f) Appoint a nominee director on the board of our Company.

9. ***Listed debt securities of our Company***

Details of the non-convertible debentures and sub-debt issued by our Company, as of August 31, 2022, which are currently listed on stock exchanges:

Sr. no.	Name	ISIN No	Stock Exchange	Issue Size (Rs. In Crore)	Maturity Date	Scrip Code
1.	DCB Bank Limited	INE139R07258	BSE	10.00	June 12, 2023	959565
2.	Union Bank of India	INE139R07274	BSE	20.00	June 30, 2023	959658
3.	State Bank of India	INE139R07282	BSE	25.00	April, 21, 2023	959812
4.	Indian Bank	INE139R07290	BSE	20.00	July 29, 2023	959801
5.	Japan Asean Women Empowerment Fund	INE139R07373	BSE	50.00	December 23, 2023	960352
6.	Northern Arc/Karvy	INE139R08033	BSE	30.00	September 29, 2023	957830
7.	AU Small Finance Bank Limited	INE139R07266	BSE	30.00	June 19, 2023	959604
8.	Microfinance Enhancement Facility SA, SICAV-SIF ("MEF")	INE139R07381	BSE	70.00	March 9, 2027	973041
9.	Blue Orchard Microfinance Fund	INE139R07407	BSE	50.00	March 18, 2026	973076
10.	Northern Arc Money Market Alpha Trust	INE139R08082	BSE	45.00	December 21, 2023	973677
	Total			**350.00**		

For information in relation to the risks associated with our indebtedness, see "*Risk Factors - Any disruption in our sources of funding or increase in costs of funding could adversely affect our liquidity and financial condition*." and "*Risk Factors - We are subject to certain conditions and restrictions in terms of our financing arrangements, which could restrict our ability to conduct our business and operations in the manner we desire and affect our results of operations and profitability." on pages 37 and 41, respectively.*

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding (i) criminal proceeding; (ii) actions taken by regulatory or statutory authorities; (iii) disciplinary action including penalty imposed by the SEBI or stock exchanges against our Promoters in the last five Fiscals, including outstanding action; (iv) claims related to direct and indirect taxes in a consolidated manner; and (v) details of any other pending material litigation which are determined to be material as per a policy adopted by our Board ("**Materiality Policy**"), in each case involving our Company, Promoters and Directors ("**Relevant Parties**").*

For the purpose of (v) above, our Board in its meeting held on August 1, 2021, has considered and adopted a Materiality Policy for identification of material litigation involving the Relevant Parties and Group Companies.

In terms of the Materiality Policy, all pending litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary action including penalty imposed by SEBI or stock exchanges against our Promoter in the last five financial years including outstanding action and taxation proceedings matters, would be considered 'material' for disclosure in this Red Herring Prospectus:

a) the aggregate monetary amount of claim involved, whether by or against the Company, its Directors, or Promoter, in any such pending litigation is in excess of 1 % of the profit after tax of the Company for the last completed financial year covered in the Restated Financial statements; or

b) such pending litigation is material from the perspective of Company's business, operations, financial results, prospects or reputation, irrespective of the amount involved in such litigation.

Further, in relation to outstanding litigation involving our Group Companies that may have a material impact on our Company, in accordance with the Materiality policy, we have considered such outstanding litigation proceedings involving the Group Companies are considered as material, which are material from the perspective of our Company's business, operations, financial results, prospects or reputation, irrespective of the amount involved in such litigation.

*Except as stated in this section, there are no outstanding material dues to creditors of our Company. For this purpose, our Board in its meeting held on August 1, 2021 has considered and adopted a policy of materiality for identification of material outstanding dues to creditors. In terms of this Materiality Policy, outstanding dues to any creditor of our Company having monetary value which exceed ₹ 18.33 million, which is 5 % of the total outstanding dues (that is trade payables) of our Company as of the end of the most recent period covered in the Restated Financial Statements of our Company included in this Red Herring Prospectus, shall be considered as 'material'. Accordingly, for the purpose of this disclosure, any outstanding dues exceeding ₹ 18.33 million have been considered as material outstanding dues for the purposes of disclosure in this section. Further, for outstanding dues to any party which is a micro, small or a medium enterprise ("**MSME**"), the disclosure will be based on information available with our Company regarding status of the creditor under section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.*

Further, pre-litigation notices (other than those issued by governmental, statutory or regulatory authorities) received by the Company, its Directors or Promoter shall not be considered as litigation until such time that any of the Company, its Directors or Promoter, as the case may be, is made a party to proceedings initiated before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

All terms defined in a particular litigation disclosure pertain to that litigation only. Unless stated to the contrary, the information provided below is as of the date of this Red Herring Prospectus.

I. Litigation involving our Company

A. Outstanding criminal proceedings involving our Company

Criminal proceedings initiated against our Company

As on the date of this Red Herring Prospectus, there are no outstanding criminal proceedings initiated against our Company.

Criminal proceedings initiated by our Company

Except as disclosed below, there are no outstanding criminal proceedings initiated by our Company.

1. A criminal complaint dated September 5, 2018, ("**Complaint**") was filed by Raju Munda (branch manager of Jhumri Talaiya Branch of our Company and "**Complainant**") against a former employee of our Company Rajeev Tiwari ("**Respondent**") and another, before the Judicial Magistrate First Class, Kooderma, Jharkhand ("**Court**") under section 323, 341, 379, 406, 420 and 504 of the Indian Penal Code, 1860 ("**IPC**") for misappropriating an amount of ₹ 0.23 million collected as loan repayment from clients of our Company. The Court has taken cognizance of the Complaint. The matter is currently pending.

2. A criminal complaint was registered on December 3, 2019, by our Company against our former employee Prakash Umesh Rao ("**Respondent**') before Metropolitan Magistrate, Patiala House Courts Complex, New Delhi, ("**Court**") under section 409, 420, 468, 471 and 472 of the Indian Penal Code, 1860, for misappropriating the funds of our Company by issuing forged invoices and transferring the amount to his personal account and cheating the Company. ("**Complaint**"). Our Company had earlier also filed a complaint dated July 4, 2018, before the Station House Office, Police Station, Nairana and submitted the copy of complaint before the Deputy Commissioner of Police, however the First Information Report ("**FIR**") was not lodged against the Respondent. Thereafter, our Company filed an application under section 156(3) of Code of Criminal Procedure, 1973 ("**CrPC**") before the Court for registering the FIR and along with it also filed the Complaint praying before the Court to initiate enquiry under section 202 of the CrPC against the Respondent. The matters are currently pending.

3. An FIR dated November 19, 2019, was filed by Sandeep Kumar (AVP of our Company and "**Complainant**") against two individuals namely Deepak ("**Respondent no.1**") and Jyoti ("**Respondent no. 2**" and along with Respondent no.1 **"Respondents**") for violation of section 120B, 419, 420, 467, 468 and 471 of the IPC for misrepresenting themselves as employees of our Company to extract money from the people of the village in Sanoli area of Panipat district in Haryana, by convincing them to get loan from our Company. The court of Additional Sessions Judge, Panipat, vide its order dated December 11, 2019, dismissed the bail application of Respondent no. 2 stating that the Respondent no. 2 is not entitled to concession of bail. Pursuant to this a criminal complaint was registered on January 14, 2020, against the Respondents before the Judicial Magistrate First Class, Taluka Court Samalkha, Panipat, Haryana. The matter is currently pending.

4. A FIR dated October 4, 2017, was filed by Lal Singh (one of our branch managers and "**Complainant**") against our former employee Pankaj Kumar ("**Respondent**") under section 406 of the Indian Penal Code, 1860, for misappropriating an amount of ₹ 0.05 million, collected form the customers of the Company. Pursuant to this a criminal complaint was registered on October 16, 2017, against the Respondent, before the Chief Judicial Magistrate, Seraikela – Kharsawan, Jharkhand. The matter is currently pending.

5. A FIR dated August 26, 2020, was filed against our former employee Vicky Rana, under section 379B of the IPC, for snatching a total amount of ₹ 0.09 million. The matter is registered before the Judicial Magistrate, First Class, Fatehgarh Sahib, Punjab and is currently pending.

6. A criminal complaint dated November 14, 2011, was registered by Nishant Kumar (branch manager of Hazaribag branch of our Company and "**Complainant**") against our former employee Amit Pathak ("**Respondent**") under section 156 of the CrPC, before the Chief Judicial Magistrate, Hazaribagh, Jharkhand, for misappropriation of funds amounting to ₹ 0.45 million. The matter is currently pending.

7. A criminal complaint dated November 17, 2021, was registered by Varun Singh (assistant manager – legal of our Company and "**Complainant**") against our former employee, Harwinder Singh

("**Respondent**") under sections 406, 409 and 420 of the Indian Penal Code, 1860, before the Chief Judicial Magistrate, Bathinda, Punjab, for fraud amounting to ₹ 0.45 million. The matter is currently pending.

8. A criminal complaint dated September 14, 2022, was registered by Pappu Pandit (field staff at the Saharsa branch of our Company and "**Complainant**") under sections 384 and 392 of the Indian Penal Code, 1860, before the Chief Judicial Magistrate, Saharsa, Bihar, for registering an FIR, against two unknown individuals for snatching an amount of ₹ 0.07 million from the Complainant, being the collection amount belonging to the Company. The matter is currently pending.

9. Our Company, in the ordinary course of its business, has filed 179 FIRs under several sections of the IPC and Arms Act, 1959, before various police authorities alleging offences relating to *inter alia* robbery, criminal breach of trust, snatching and theft committed by certain individuals. The total amount involved in all the FIRs is ₹ 23.56 million.

10. Our Company, in the ordinary course of its business, has filed 122 cases against certain individuals under section 138 of the Negotiable Instruments Act, 1881, and section 25 of the Payment and Settlement Systems Act, 2007, before various courts, alleging dishonour of cheque and default in repayment of instalments of loans. The total amount involved in all these matters is ₹ 32.37 million and all these matters are currently pending.

B. Action by statutory or regulatory authorities against our Company

Except as disclosed below, there are no outstanding actions by any statutory or regulatory authorities against our Company:

1. Our Company received a penalty notice dated September 28, 2022, from the BSE Limited ("**BSE**") for an alleged non-compliance with regulation 57(1) of the SEBI Listing Obligations and Disclosure Requirements, 2015, read with SEBI Circulars SEBI/HO/DDHS/DDHS/CIR/P/2020/231 and SEBI/HO/DDHS_Div2/P/CIR/2021/699, dated November 13, 2020, and December 29, 2021, respectively. The BSE imposed a fine of ₹ 1.32 million, in response to which we have sent a reply dated September 28, 2022 ("**Reply**") explaining that there the abovementioned alleged non-compliance did not take place. On the basis of our Reply, the BSE has acknowledged vide letter email dated September 30, 2022, that the Company is in compliance with regulation 57(1) and that the penalty can only be withdrawn post approval from the Waiver Committee. The BSE has initiated the process of waiver of the abovementioned fines.

2. Our Company received a penalty notice dated September 28, 2022, from the BSE Limited ("**BSE**") for non-compliance with regulation 57(1) of the SEBI Listing Obligations and Disclosure Requirements, 2015, read with SEBI Circulars SEBI/HO/DDHS/DDHS/CIR/P/2020/231 and SEBI/HO/DDHS_Div2/P/CIR/2021/699, dated November 13, 2020, and December 29, 2021, respectively. The BSE imposed a fine of ₹ 0.02 million, in response to which we have sent a reply dated October 1, 2022 ("**Reply**") requesting a waiver for the same in the present case. The matter is currently pending.

C. Material outstanding litigation involving our Company

Material civil litigation initiated against our Company

As on the date of this Red Herring Prospectus, there are no outstanding material civil litigation initiated against our Company.

Material civil litigation initiated by our Company

As on the date of this Red Herring Prospectus, there are no outstanding material civil litigation initiated by our Company.

II. Litigation involving our Directors

A. Outstanding criminal proceedings involving our Directors

Criminal proceedings against our Directors

As on the date of this Red Herring Prospectus, there are no outstanding criminal proceedings initiated against our Directors.

Criminal proceedings initiated by our Directors

As on the date of this Red Herring Prospectus, there are no outstanding criminal proceedings initiated by our Directors.

B. Pending action by statutory or regulatory authorities against our Directors

As on the date of this Red Herring Prospectus, there are no pending actions by statutory or regulatory authorities against our Directors.

C. *Material outstanding litigation involving our Directors*

Material civil litigations initiated against our Directors

Except as disclosed below, there are no outstanding material civil litigation initiated against our Directors**:**

1. The Small Industries Development Bank of India ("**SIDBI**") has filed a contempt petition on March 13, 2020 under Section 2(b) of the Contempt of Courts Act, 1971 before the Madras High Court ("**Contempt Petition**") against our director Kenneth Dan Vander Weele, Creation Investments Equitas Holdings LLC ("**Creation Equitas**"), and Creation Investments Social Ventures Fund II LP ("**Fund II**") and another (collectively "**Respondents**"), alleging breach of an undertaking provided by Creation Equitas to the Madras High Court in relation to an ongoing dispute regarding a share purchase agreement for purchase by Creation Equitas of certain shares of a company that were held by SIDBI ("**Undertaking**"). SIDBI has among other reliefs sought surrender of the passport of Kenneth Dan Vander Weele in the office of the Commissioner of Police, Chennai for the alleged willful breach of the Undertaking. As on date, Kenneth Dan Vander Weele has not received any notice of contempt. The matter is currently pending.

   Further, SIDBI has sent a notice dated January 7, 2020 ("**Arbitration Notice**") to our director Kenneth Dan Vander Weele, Creation Equitas, Fund II (collectively, the "**Respondents**") and another initiating arbitration proceedings and seeking enforcement of the Undertaking. For the alleged loss incurred by SIDBI, pursuant to the terms of the Undertaking, SIDBI has claimed jointly from the Respondents an amount of Rs. 767.77 million and interest at the rate of 11% from August 8, 2019 till the date of the award. SIDBI has filed an arbitration petition before the Supreme Court of India and has impleaded Kenneth Dan Vander Weele, Fund II and another as respondents. However, as on date, Kenneth Dan Vander Weele has not received any notice in relation to such impleadment. The matter is currently pending.

Material civil litigations initiated by our Directors

As on the date of this Red Herring Prospectus, there are no outstanding material civil litigation initiated by our Directors.

III. Litigation involving our Promoters

A. Outstanding criminal proceedings involving our Promoters

Criminal proceedings against our Promoters

As on the date of this Red Herring Prospectus there are no outstanding criminal proceedings initiated against our Promoters.

Criminal proceedings initiated by our Promoters

As on the date of this Red Herring Prospectus, there are no outstanding criminal proceedings initiated by our Promoters.

B. Pending action by statutory or regulatory authorities against our Promoters

As on the date of this Red Herring Prospectus, there are no pending actions by statutory or regulatory authorities against our Promoters.

C. Material outstanding litigation involving our Promoters

Material civil litigations against our Promoters

As on the date of this Red Herring Prospectus there are no outstanding criminal proceedings initiated against our Promoters.

Material civil litigations initiated by our Promoters

As on the date of this Red Herring Prospectus, there are no outstanding material civil litigation initiated by our Promoters.

D. Disciplinary action including penalty imposed by SEBI or stock exchanges against our Promoters in the last five financial years immediately preceding the date of filing of this Red Herring Prospectus

There has been no disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years immediately preceding the date of filing of this Red Herring Prospectus.

IV. Litigation involving our Group Companies which may have a material impact on our Company

As on the date of this Red Herring Prospectus, there are no outstanding material litigation involving our Group Companies which may have a material impact on our Company.

V. Tax claims

Except as disclosed below, there are no claims related to direct and indirect taxes, involving our Company, Directors, Promoters and Subsidiaries.

Nature of case	Number of cases	Amount involved (in ₹ million)
Company		
Direct tax	-	-
Indirect tax	-	-
Directors		
Direct tax	2	8.54
Indirect tax	-	-
Promoters		
Direct tax	-	-
Indirect tax	-	-

VI. *Outstanding dues to creditors*

As of June 30, 2022, we had 226 creditors to whom an aggregate outstanding amount of ₹ 366.65 million was due. Further, based on available information regarding status of the creditor as a micro, small or a medium scale enterprise as defined under section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as of June 30, 2022, our Company does not owe any amount to micro, small and medium enterprises.

As per the Materiality Policy, outstanding dues to any creditor of our Company having monetary value which exceed ₹ 18.33 million, which is 5 % of the total outstanding dues (i.e. trade payables) of our Company as per the latest Restated Financial Statements of our Company included in this Red Herring Prospectus, shall be considered as 'material'. As of June 30, 2022, there are 6 material creditors to whom our Company owes an aggregate amount of ₹ 262.65 million. The details pertaining to outstanding dues towards our material creditors and their names are available on the website of our Company at www.fusionmicrofinance.in. It is clarified that such details available on our website do not form a part of this Red Herring Prospectus.

Details of outstanding dues owed to micro, small and medium enterprises and other creditors as of June 30, 2022 is set out below:

Types of Creditors	Number of Creditors	Amount involved (in ₹ million)
Micro, Small and Medium Enterprises	-	-
Other creditors	226	366.65
Total Outstanding Dues	226	366.65
Material creditors	6	262.65

VII. Material developments since the last balance sheet date

Except as stated in "*Management's Discussion and Analysis of Financial Condition and Results of Operation – Significant Developments Occurring after June 30, 2022"* on page 355, there have been no developments subsequent to June 30, 2022, that we believe are expected to have a material impact on the reserves, profits, earnings per share and book value of our Company.

GOVERNMENT AND OTHER APPROVALS

Our Company has received the material and necessary consents, licenses, permissions, registrations and approvals from the Government, various governmental agencies and other statutory and/ or regulatory authorities required for carrying out our present business activities and except as mentioned below, no further material approvals are required for carrying on our present business activities. For details of risk associated with not obtaining or delay in obtaining the requisite approvals, see "Risk Factors - We require several statutory and regulatory approvals, licenses, registrations and permissions to conduct our business and an inability to obtain or maintain such approvals, licenses, registrations and permissions in a timely manner, or at all, may adversely affect our operations." on page 38. For further details in connection with the regulatory and legal framework within which we operate, see "Key Regulations and Policies" on page 201.

Approvals in relation to our Company

The approvals required to be obtained by our Company include the following:

I. Incorporation details of our Company

1. Certificate of incorporation dated September 05. 1994 issued by the RoC to our Company, in its former name, being Ambience Fincap Private Limited.

2. Certificate of incorporation dated April 19, 2010 issued by the RoC to our Company, in its former name, being Fusion Micro Finance Private Limited.

3. Fresh certificate of incorporation dated July 20, 2021 issued by the RoC to our Company consequent upon change of name on conversion to public limited company to Fusion Micro Finance Limited.

II. Regulatory Approvals of our Company

1. Certificate of registration as an NBFC (not accepting public deposits) dated January 28, 2014 issued by the RBI, in lieu of earlier certificate of registration dated May 19, 2010. Fresh certificate of registration as an NBFC (not accepting public deposits) dated October 1, 2021, issued by the RBI reflecting the change in name of our Company pursuant to conversion to a public limited company.

III. Approvals in relation to the Offer

For details, see "*Other Regulatory and Statutory Disclosures*" and "*The Offer*" on pages 386 and 68, respectively.

IV. Approvals under tax laws of our Company

1. Permanent account number AAACA0140Q issued by the Income Tax Department under the Income Tax Act, 1961;

2. GST registration numbers of our branches for GST payments under the central and state goods and services tax legislations; and

3. Professional tax registration under the applicable state specific laws.

V. Material Approvals in relation to Business Operations of our Company

Our Company requires various approvals and/ or licenses under various applicable state and central laws, rules and regulations for operating its branches. Our Company has obtained the relevant shops and establishments' registrations and the branches which are required to be registered under employment laws have been registered with the relevant authorities.

We have obtained the necessary permits, licenses and approvals from the appropriate regulatory and governing authorities required to operate. Certain approvals may have lapsed in their normal course and our Company has either made applications to the appropriate authorities for renewal of such licenses and/or approvals or is in the process of making such applications.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Offer

Our Board has authorised the Offer, pursuant to its resolution dated July 25, 2021. Our Shareholders have authorised the Offer pursuant to a special resolution passed at their extra-ordinary general meeting dated July 27, 2021. The Selling Shareholders have, severally and not jointly, confirmed and approved their participation in the Offer for Sale as set out below:

Selling Shareholder	Number of Equity Shares being sold in the Offer	Date of resolution passed by the Selling Shareholders	Date of consent from Selling Shareholders
Devesh Sachdev	Up to 650,000	-	July 31, 2021; and October 14, 2022
Mini Sachdev	Up to 100,000	-	July 31, 2021; and October 14, 2022
Honey Rose Investment Ltd	Up to 1,400,000	July 28, 2021	July 28, 2021; and October 14, 2022
Creation Investments Fusion, LLC	Up to 1,400,000	July 28, 2021	July 28, 2021; and October 14, 2022
Oikocredit Ecumenical Development Cooperative Society U.A.	Up to 6,606,375	June 14, 2021	July 30, 2021
Global Impact Funds, S.C.A., SICAR	Up to 3,539,091	July 15, 2021	July 28, 2021; and October 14, 2022

Further, the Board has taken on record the Offer for Sale pursuant to its resolution dated August 1, 2021.

The Draft Red Herring Prospectus has been approved by our Board and subsequently, by our IPO Committee pursuant to their resolutions dated August 6, 2021 and August 8, 2021, respectively.

This Red Herring Prospectus has been approved by our Board pursuant to its resolution dated October 25, 2022, respectively.

Our Company has received in-principle approvals from the BSE and NSE for the listing of the Equity Shares pursuant to letters dated September 7, 2021 and September 3, 2021, respectively.

Our Company had made an application dated April 1, 2021 to the RBI seeking their approval to undertake the Offer and has received an e-mail dated May 25, 2021 from the RBI in response to our letter dated April 1, 2021, informing us that our Company is exempt from the requirement of prior approval from the RBI for issuance of Equity Shares to the public.

Prohibition by SEBI or other Authorities

Our Company, our Promoters, our members of the Promoter Group, our Directors, and the persons in control of our Company or our Promoters are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Each Selling Shareholder, severally and not jointly, specifically confirms that it is not prohibited from accessing the capital markets or restrained from buying, selling or dealing in securities, in any case under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Compliance with the Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, each of the Selling Shareholders, our Promoters and members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent applicable to each of them, as on the date of this Red Herring Prospectus.

Directors associated with securities market

Except Narendra Ostawal who is a director on the board of Computer Age Management Services Limited, an entity registered with SEBI as a registrar to an issue and share transfer agent, and a depository participant, none of our Directors are associated with the securities market in any manner. There are no outstanding actions initiated by SEBI in the last five years against our Directors.

Eligibility for the Offer

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 in accordance with the Restated Financial Statements prepared in accordance with the Companies Act and restated in accordance with the SEBI ICDR Regulations:

a) Our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each), calculated on a restated basis, of which not more than 50% of the net tangible assets are held as monetary assets;

b) Our Company has a minimum average operating profit of ₹150 million calculated on a restated basis, during the preceding three years (of 12 months each), with operating profit in each of the preceding three years;

c) Our Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each) calculated on a restated basis; and

d) Our Company has not changed its name within the last one year, except for the change in name pursuant to conversion from a private limited company to a public limited company.

Our Company's operating profit, net worth, net tangible assets, monetary assets and monetary assets as a percentage of the net tangible assets derived from the Restated Financial Statements included in this Red Herring Prospectus as at, and for the last three years ended March 31, are set forth below:

(in ₹ million, except percentage values)

Particulars	As of March 31, 2022	As of March 31, 2021	As of March 31, 2020
Net Tangible Assets (A)	70,200.16	55,940.68	41,419.25
Operating profits for the year ended	244.26	567.91	999.95
Net Worth	13,379.51	12,463.55	11,988.89
Monetary Assets (B)	11,535.58	13,352.56	8,177.49
Monetary Assets as a percentage of Net Tangible Assets (B)/(A)(%)	16.43	23.87	19.74

i. *Net tangible assets is the sum of total assets excluding intangible assets, right of use assets and deferred tax assets (net) less Sum of total liabilities excluding debt securities, Borrowings and subordinated liabilities.*

ii. *Operating profit is computed by deducting 'expenses' (including finance costs, impairment on financial instruments, employee benefits expenses, depreciation and amortization and other expenses) from Summation of 'Revenue from operations' and Other income earned by the Company, derived from our Restated Financial Statements as of the last day of the relevant year.*

iii. *Net worth represents our total equity, which includes equity share capital and other equity derived from our Restated Financial Statements as of the last day of the relevant year. For a detailed calculation of our Net worth, see "Other Financial Information" on page 323.*

iv. *Monetary assets represent aggregate value of cash and cash equivalents, other bank balances (including margin money deposits placed to avail term loans from banks and financial institutions and deposits placed as cash collateral towards securitisation transactions) derived from restated financial statements.*

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Our Company is in compliance with the following conditions specified under Regulations 5 and 7(1) of the SEBI ICDR Regulations:

(i) Our Company, each of the Selling Shareholders, our Promoters, the members of our Promoter Group, and our Directors are not debarred from accessing the capital markets by SEBI;

(ii) None of the Promoters or the Directors are promoter or directors of companies which are debarred from accessing the capital market by SEBI;

(iii) Our Company, Promoters or Directors have neither been declared as Wilful Defaulter nor Fraudulent Borrower;

(iv) None of our Promoters and our Directors are fugitive economic offenders;

(v) Except for outstanding options granted pursuant to ESOP 2014 and ESOP 2016, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Red Herring Prospectus.

(vi) Our Company along with the Registrar to the Offer has entered into tripartite agreements dated February 24, 2021 and March 1, 2021, with NSDL and CSDL, respectively, for dematerialisation of the Equity Shares;

(vii) The Equity Shares of the Company held by our Promoters are in the dematerialised form;

(viii) All the Equity Shares are fully paid up and there are no partly paid-up Equity Shares as on the date of filing of this 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 75% of the stated means of finance.

Each Selling Shareholder has, severally and not jointly, confirms that it is in compliance with Regulation 8 of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING ICICI SECURITIES LIMITED, CLSA INDIA PRIVATE LIMITED, IIFL SECURITIES LIMITED AND JM FINANCIAL LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, EACH OF THE SELLING SHAREHOLDERS, SEVERALLY AND NOT JOINTLY, WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY SUCH SELLING SHAREHOLDER IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF AND ITS RESPECTIVE PORTION OF OFFERED SHARES, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHARHEOLDER DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 8, 2021, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.

THE FILING OF THIS RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR 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 BOOK RUNNING LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THIS RED HERRING PROSPECTUS.

Disclaimer from our Company, our Directors and the BRLMs

Our Company, our Directors, the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance. Anyone placing reliance on any other source of information, would be doing so at his or her or their own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding centres or elsewhere.

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, BRLMs and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation. As used herein, the term 'affiliate' means any person or entity that controls or is controlled by or is under common control with another person or entity.

Disclaimer from the Selling Shareholders

The Selling Shareholders accept no responsibility for statements made otherwise than in this 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.fusionmicrofinance.com, or the websites of any affiliate of our Company would be doing so at his or her own risk.

Each of the Selling Shareholder, its respective directors, affiliates, associates, and officers accept no responsibility for any statements made in this Red Herring Prospectus other than those specifically made or confirmed by such Selling Shareholder in relation to itself as a Selling Shareholder and its proportion of the Offered Shares.

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to the Selling Shareholders and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. The Selling Shareholders and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from RBI), systemically important NBFCs or trusts under applicable trust law and who are authorised under their respective constitutions to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, 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, NBFC-SIs and permitted Non-Residents including FPIs and Eligible NRIs, AIFs, and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at New Delhi, India only.

This Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to this Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises this Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India except the United States of America. Any person into whose possession the Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

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 Red Herring Prospectus has been filed with ROC. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this 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 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 and the Selling Shareholders from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the U.S. Securities Act ("**U.S. Persons**") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Company has not registered and does not intend to register under the U.S. Investment Company Act in reliance upon section 3(c)(7) thereof. Accordingly, the Equity Shares are only being offered and sold (i) to persons in the United States or to or for the account or benefit of, U.S. Persons in each case that are both "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**") and referred to in the Red Herring Prospectus as "**U.S. QIBs**"; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Red Herring Prospectus as "**QIBs**") in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act, that are also "qualified purchasers" (as defined under the U.S. Investment Company Act) in reliance upon section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. Persons in offshore transactions 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 Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction except in compliance with the applicable laws or such jurisdiction.

Disclaimer Clause of BSE

BSE Limited ("the Exchange") has given vide its letter dated September 7, 2021, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of NSE

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/1192 dated September 3, 2021 permission to the Issuer to use NSE's name in this Offer Document as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. NSE has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the BSE and NSE. Applications will be made to the Stock Exchanges for obtaining permission to deal in and for an official quotation of the Equity Shares to be issued and sold in the Offer. NSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Consents

Consents in writing of (a) each of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, the BRLMs, legal counsel, bankers/lenders to our Company, CRISIL Limited and the Registrar to the Offer, in their respective capacities have been obtained; and consents in writing of (b) the Syndicate Members, the Escrow Collection Bank(s), Public Offer Account Bank(s) the Sponsor Bank and Refund Bank(s) to act in their respective capacities, have been obtained and filed along with a copy of this Red Herring Prospectus with the RoC as required under Sections 26 and 32 of the Companies Act, 2013. Further, consents received prior to filing of this Red Herring Prospectus have not been withdrawn up to the time of delivery of Red Herring Prospectus for filing with the RoC

Expert to the Offer

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

Our Company has received written consent dated October 25, 2022, from M/s. Deloitte Haskins & Sells, Chartered Accountants to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI

ICDR Regulations, in this Red Herring Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated October 3, 2022, on the Restated Financial Statements; and (ii) their report dated October 14, 2022 on the Statement of Special Tax Benefits in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus. However, the term "expert" and consent thereof shall not be construed to mean an "expert" or consent as defined under the U.S. Securities Act.

Public or rights issues by our Company during the last five years

Our Company has not made any public issue or rights issue during the five years immediately preceding the date of this Red Herring Prospectus.

Commission and brokerage paid on previous issues

Since this is an initial public offer of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's incorporation.

Capital issue during the previous three years by our Company, our listed Group Companies, subsidiaries and associates

Our Company does not have any subsidiaries or associates. Our Group Companies have not made any capital issue during previous three years. For details in relation to the capital issuances by our Company in the three years preceding the date of this Red Herring Prospectus, see "*Capital Structure – Notes to Capital Structure*" on page 79.

Performance vis-à-vis objects – our Company

Our Company has not made any public issue during the five years immediately preceding the date of this Red Herring Prospectus. For details of rights issue made by our Company in the past five years, preceding the date of filing of this Red Herring Prospectus, see "*Capital Structure*" on page 79. Further, our Company has not experienced any shortfall or delays in the achievement of objects.

Performance vis-à-vis objects – Last issue of Subsidiaries or Promoters

Our Company does not have any subsidiaries. Our Promoters do not have securities listed on any stock exchange.

Price information of past issues handled by the BRLMs (during the current fiscal year and the two fiscal years preceding the current fiscal year)

- **ICICI Securities Limited**

(1) Price information of past issues handled by I-Sec:

Sr. No.	Issue Name	Issue Size (Rs. Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Shriram Properties Limited^^	6,000.00	118.00(1)	20-DEC-21	90.00	-12.42%, [+9.02%]	-33.39%, [+4.05%]	-46.69%, [-7.95%]
2	Metro Brands Limited^	13,675.05	500.00	22-DEC-21	436.00	+21.77%, [+4.45%]	+14.57%, [+0.64%]	+7.93%, [-9.78%]
3	Supriya Lifescience Limited^	7,000.00	274.00	28-DEC-21	425.00	+78.61%, [-0.07%]	+72.12%, [-0.92%]	+20.36%, [-8.93%]

Sr. No.	Issue Name	Issue Size (Rs. Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
4	AGS Transact Technologies Limited^	6,800.00	175.00	31-JAN-22	176.00	-42.97%, [-3.05%]	-28.63%, [-1.64%]	-52.69%, [-0.77%]
5	Adani Wilmar Limited^^	36,000.00	230.00(2)	08-FEB-22	227.00	+48.00%, [-5.34%]	+180.96%, [-4.95%]	+193.26%, [+0.76%]
6	Vedant Fashions Limited^^	31,491.95	866.00	16-FEB-22	935.00	+3.99%, [-0.20%]	+14.53%, [-8.54%]	+37.67%, [+2.17%]
7	Life Insurance Corporation of India^	2,05,572.31	949.00(3)	17-MAY-22	867.20	-27.24%, [-3.27%]	-28.12%, [+9.47%]	NA*
8	Prudent Corporate Advisory Services Limited^	4,282.84	630.00(4)	20-MAY-22	660.00	-20.71%, [-5.46%]	-2.10%, [+10.92%]	NA*
9	Paradeep Phosphates Limited^	15,017.31	42.00	27-MAY-22	43.55	-10.24%, [-3.93%]	+27.50% ,[+7.65%]	NA*
10	Syrma SGS Technology Limited^	8,401.26	220.00	26-AUG-22	262.00	+31.11% [-1.25%]	NA*	NA*

**Data not available.*
^BSE as designated stock exchange
^^NSE as designated stock exchange

(1) Discount of Rs. 11 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 118.00 per equity share.
(2) Discount of Rs. 21 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 230.00 per equity share.
(3) Discount of Rs. 45 per equity share offered to eligible employees and Retail Individual Bidders. Discount of Rs. 60 per equity share offered to eligible policyholders. All calculations are based on Issue Price of Rs. 949.00 per equity share
(4) Discount of Rs. 59 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 630.00 per equity share.

(2) Summary statement of price information of past issues handled by I-Sec:

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Mn.)	No. of IPOs trading at discount – 30th calendar days from listing			No. of IPOs trading at premium – 30th calendar days from listing			No. of IPOs trading at discount – 180th calendar days from listing			No. of IPOs trading at premium – 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2022-23*	4	2,33,273.72	-	1	2	-	1	-	-	-	-	-	-	-
2021-22	26	7,43,520.19	-	3	6	6	4	7	3	4	5	5	4	5
2020-21	14	1,74,546.09	-	-	5	5	2	2	-	1	3	5	3	2

** This data covers issues up to YTD*

Notes:

1. *Data is sourced either from www.nseindia.com or www.bseindia.com, as per the designated stock exchange disclosed by the respective Issuer Company.*
2. *Similarly, benchmark index considered is "NIFTY 50" where NSE is the designated stock exchange and "S&P BSE SENSEX" where BSE is the designated stock exchange, as disclosed by the respective Issuer Company.*
3. *30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the previous trading day.*

- **CLSA India Private Limited**

(1) Price information of past issues handled by CLSA:

S. No.	Issue name	Issue size (₹ in million)	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.	Campus Activewear Limited	13,997.70	292.00	9-May-22	360.00	+11.92%, [+0.70%]	+41.71%, [+6.72%]	NA
2.	Star Health and Allied Insurance Company Limited	60,186.84	900.00	10-Dec-21	845.00	-14.78%, [+1.72%]	-29.79%, [-6.66%]	-22.21%, [-6.25%]
3.	Fino Payments Bank Limited	12,002.93	577.00	12-Nov-21	548.00	-30.55%, [-3.13%]	-34.56%, [-3.66%]	-52.33%, [-10.42%]
4.	Devyani International Limited	18,380.00	90.00	16-Aug-21	140.90	+32.83%, [+4.93%]	+78.39%, [+9.30%]	+97.17%, [+4.90%]
5.	Burger King India Limited	8,100.00	60.00	14-Dec-20	115.35	+146.75%, [+7.06%]	+135.0%, [+9.81%]	+168.17%, [+13.45%]

Source: www.nseindia.com

Notes:

1. *Designated Stock Exchange as disclosed by the respective issuer at the time of the issue considered for benchmark index and for disclosing the price information. CNX NIFTY is considered as the Benchmark Index where Designated Stock Exchange was NSE. BSE Sensex is considered as the Benchmark Index where Designated Stock Exchange was BSE. Price on the Designated Stock Exchange is considered for all of the above calculations.*
2. *Equity public issues in last 3 financial years considered*
3. *In case 30th/90th/180th day is not a trading day, closing price on the Designated Stock Exchange of the previous trading day has been considered.*
4. *Wherever, 30, 90 and 180 calendar days, from listing date has not elapsed for the issue in the Financial Year 2022-2023, data for same is not available.*
5. *In Star Health and Allied Insurance Company Limited, the issue price to Eligible Employees bidding in the Employee Reservation Portion was ₹ 820 per equity share*
6. *In Campus Activewear Limited, the issue price to Eligible Employees bidding in the Employee Reservation Portion was ₹ 265 per equity share*

(2) Summary statement of price information of past issues handled by CLSA:

Fiscal	Total no. of IPOs	Total amount of 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%
2022-23	1	13,997.70	-	-	-	-	-	1	-	-	-	-	-	-
2021-22	3	90,569.77	-	1	1	-	1	-	1	-	1	1	-	-
2020-21	1	8,100.00	-	-	-	1	-	-	-	-	-	1	-	-

Note:

1. For 2022-23, the information is as on the date of this Offer Document;

2. The Total number of IPOs and the Total amount of funds raised have been included for each financial year based on the IPO listed during such financial year;

3. Wherever, 30 and 180 calendar days from listing date has not elapsed for any issue, data for same is not available.

- **IIFL Securities Limited**

1. Price information of past issues handled by IIFL:

S. No.	Issue name	Issue size (₹ in million)	Issue price (₹)	Designated Stock Exchange as disclosed in the Red Herring Prospectus filed	Listing date	Opening price on listing date (₹)	+/- % change in closing price*, [+/- % change in closing benchmark]- 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.	Star Health and Allied Insurance Company Limited	60,186.84	900.00(1)	NSE	December 10, 2021	845.00	-14.78%, [+1.72%]	-29.79%, [-6.66%]	-22.21%, [-6.25%]
2.	Anand Rathi Wealth Limited	6,593.75	550.00(2)	BSE	December 14, 2021	602.05	+12.38%, [+5.22%]	+4.46%, [-4.42%]	+19.55% ,[-6.56%]
3.	Rategain Travel Technologies Limited	13,357.35	425.00(3)	NSE	December 17, 2021	360.00	+11.99%, [+7.48%]	-31.08%, [-0.06%]	-35.24%, [-7.38%]
4.	Data Patterns (India) Limited	5,882.24	585.00	NSE	December 24, 2021	856.05	+29.70%, [+3.61%]	+13.56%, [+1.42%]	+14.16%, [-8.03%]
5.	Vedant Fashions Limited	31,491.95	866.00	NSE	February 16, 2022	935.00	+3.99%, [-0.20%]	+14.53% ,[-8.54%]	+37.67%, [+2.17%]
6.	Rainbow Childrens Medicare Limited	15,808.49	542.00(4)	NSE	May 10, 2022	510.00	-13.84%, [+0.72%]	-12.80%, [+7.13%]	N.A.
7.	eMudhra Limited	4,127.86	256.00	BSE	June 1, 2022	271.00	-1.52%, [-4.27%]	40.66%, [+4.68%]	N.A.
8.	Syrma SGS Technology Limited	8,401.26	220.00	BSE	August 26, 2022	262.00	+31.11%, [-1.25%]	N.A.	N.A.
9.	Electronics Mart India Limited	5,000.00	59.00	NSE	October 17, 2022	90.00	N.A.	N.A.	N.A.
10.	Tracxn Technologies Limited	3,093.78	80.00	NSE	October 20, 2022	84.50	N.A.	N.A.	N.A.

Source: www.nseindia.com; www.bseindia.com, as applicable

(1) A discount of INR 80 Per Equity Share was offered to eligible employees bidding in the employee reservation portion
(2) A discount of INR 25 Per Equity Share was offered to eligible employees bidding in the employee reservation portion
(3) A discount of INR 40 Per Equity Share was offered to eligible employees bidding in the employee reservation portion
(4) A discount of INR 20 Per Equity Share was offered to eligible employees bidding in the employee reservation portion

Note: Benchmark Index taken as NIFTY 50 or S&P BSE SENSEX, as applicable. Price of the designated stock exchange as disclosed by the respective issuer at the time of the issue has been considered for all of the above calculations. The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th /90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. NA means Not Applicable. The above past price information is only restricted to past 10 initial public offers.

2. Summary statement of price information of past issues handled by IIFL:

Financial Year	Total No. of IPO's	Total Funds Raised (in Rs. Mn)	No. of IPOs trading at discount – 30th calendar days from listing			No. of IPOs trading at premium – 30th calendar days from listing			No. of IPOs trading at discount – 180th calendar days from listing			No. of IPOs trading at premium – 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2020-21	8	47,017.65	-	-	4	2	1	1	-	1	-	3	3	1
2021-22	17	3,58,549.95	-	-	5	-	4	8	-	6	4	3	1	3
2022-23	5	36,431.39	-	-	2	-	1	-	-	-	-	-	-	-

Source: www.nseindia.com; www.bseindia.com, as applicable

Note: Data for number of IPOs trading at premium/discount taken at closing price of the designated stock exchange as disclosed by the respective issuer at the time of the issue has been considered on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.

NA means Not Applicable.

- **JM Financial Limited**

1. Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by JM Financial Limited:

Sr. No.	Issue name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark] – 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] – 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] – 180th calendar days from listing
1.	Electronics Mart India Limited*	5,000.00	59.00	October 17, 2022	90.00	Not Applicable	Not Applicable	Not Applicable
2.	Harsha Engineers International Limited*	7,550.00	330.00	September 26, 2022	450.00	31.92% [3.76%]	Not Applicable	Not Applicable
3.	Paredeep Phosphates Limited#	15,017.31	42.00	May 27, 2022	43.55	-10.24% [-3.93%]	27.50% [7.65%]	Not Applicable
4.	Life Insurance Corporation of India#8	205,572.31	949.00	May 17, 2022	867.20	-27.24% [-3.27%]	-28.12% [9.47%]	Not Applicable
5.	Campus Activewear Limited*7	13,997.70	292.00	May 05, 2022	360.00	11.92% [0.70%]	41.71% [6.72%]	Not Applicable
6.	AGS Transact Technologies Limited#	6,800.00	175.00	January 31, 2022	176.00	-42.97% [-3.05%]	-28.63% [-1.64%]	-52.69% [-0.77%]
7.	CMS Info Systems Limited#	11,000.00	216.00	December 31, 2021	218.50	21.99% [-1.81%]	25.35% [0.74%]	3.75% [-8.71%]
8.	Data Patterns (India) Limited*	5,882.24	585.00	December 24, 2021	856.05	29.70% [3.61%]	13.56% [1.42%]	14.16% [-8.03%]
9.	C.E. Info Systems Limited#	10,396.06	1,033.00	December 21, 2021	1,581.00	70.21% [6.71%]	48.48% [2.74%]	21.40%[-8.80%]
10.	Tega Industries Limited*	6,192.27	453.00	December 13, 2021	760.00	30.70% [3.96%]	1.02% [-4.25%]	3.39% [-6.66%]

Source: www.nseindia.com and www.bseindia.com

 # BSE as Designated Stock Exchange

** NSE as Designated Stock Exchange*

Notes:

1. *Opening price information as disclosed on the website of the Designated Stock Exchange.*
2. *Change in closing price over the issue/offer price as disclosed on Designated Stock Exchange.*
3. *For change in closing price over the closing price as on the listing date, the CNX NIFTY or S&P BSE SENSEX is considered as the Benchmark Index as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.*
4. *In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.*
5. *30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken a listing date plus 179 calendar days.*
6. *Restricted to last 10 issues.*
7. *A discount of Rs. 27 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.*
8. *A discount of Rs. 45 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion and Retail Individual Investors. A discount of Rs. 60 per Equity Share was offered to Policy holders.*

9. *Not Applicable - Period not completed*

2. Summary statement of price information of past issues handled by JM Financial Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ 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%
2022-2023	5	2,42,137.32	-	1	1	-	1	1	-	-	-	-	-	-
2021-2022	17	2,89,814.06	-	1	2	5	5	4	1	2	3	4	3	4
2020-2021	8	62,102.09	-	-	3	2	1	2	-	-	-	5	2	1

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Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the BRLMs, as set forth in the table below:

Sr. No	Name of the BRLM	Website
1.	ICICI Securities Limited	www.icicisecurities.com
2.	CLSA India Private Limited	www.india.clsa.com
3.	IIFL Securities Limited	www.iiflcap.com
4.	JM Financial Limited	www.jmfl.com

Stock Market Data of the Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least eight years from the last date of dispatch of the letters of allotment and demat credit to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process, other than of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, UPI ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, SBA 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 through the UPI Mechanism), and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder. Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

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. In case of any grievance/ concerns, the Syndicate Members or the investors may also reach out to the Book Running Lead Managers on their dedicated email-ids mentioned on the cover page.

Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs giving full details such as the name of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs with whom the Bid cum Application Form was submitted by the Anchor Investor

The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with their obligations under applicable SEBI ICDR Regulations.

Investors can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations or non-receipt of funds by electronic mode.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. 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, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2022, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021; SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, and the SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, in the events of delayed unblock for cancelled/withdrawn/deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partially-allotted applications for the stipulated period. In an event there is a delay in redressal of the investor grievance in relation to unblocking of amounts, the SCSBs shall compensate the investors at the rate higher of ₹ 100 per day or 15% per annum of the application amount for the period of such delay, which period shall start from the day following the receipt of a complaint from the investor. Further, in terms of SEBI circular 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 Book Running Lead Managers, 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

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has obtained authentication on the SCORES and comply with the SEBI circular no. CIR/OIAE/1/2014 dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Our Company has constituted a Stakeholders' Relationship Committee which is responsible for redressal of grievances of the security holders of our Company. For details, see "*Our Management – Stakeholders' Relationship Committee*" on page 228.

Our Company has appointed Deepak Madaan as our Company Secretary and Compliance Officer for the Company who may be contacted in case of any pre-Offer or post-Offer related grievances. His contact details are as follows:

Plot no. 86
Institutional Sector 32, Gurugram
Haryana 122001, India.
Tel: +91-124-6910500
E-mail: companysecretary@fusionmicrofinance.com

The Selling Shareholders have, severally and not jointly, authorised the Company Secretary and Compliance Officer of the Company, and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale.

Our Company has not received any investor complaint during the three years preceding the date of this Red Herring Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of this Red Herring Prospectus.

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

As on the date of this Red Herring Prospectus, our Company has not been granted by SEBI, any exemption from complying with any provisions of securities laws.

SECTION VII – OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued, offered and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, the MoA, the AoA, the Listing Regulations, the terms of this Red Herring Prospectus, the Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

Ranking of Equity Shares

The Allottees upon Allotment of Equity Shares under the Offer will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. The Equity Shares being offered and Allotted in the Offer shall be pari passu with the existing Equity Shares in all respects including dividends. For further details, see "*Main Provisions of the Articles of Association"* on page 436.

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 Memorandum and Articles of Association and provisions of the Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see "*Dividend Policy*" and "*Main Provisions of the Articles of Association*" on pages 247 and 436, respectively.

Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹10 and the Offer Price at the lower end of the Price Band is ₹[●] per Equity Share and at the higher end of the Price Band is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share. The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company through its IPO Committee, in consultation with the BRLMs, and advertised in all editions of Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper, Hindi being the regional language 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 the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges. At any given point of time, there shall be only one denomination for the Equity Shares.

The Offer

The Offer consists of a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders. Other than (a) listing fees, audit fees (not in relation to the Offer), and expenses for any product or corporate advertisements consistent with past practice of the Company (other than the expenses relating to the IPO) which will be borne by the Company; and (b) fees and expenses in relation to the legal counsel to the Selling Shareholders which shall be borne by the respective Selling Shareholders, all costs, charges, fees and expenses associated with and incurred with respect to the Offer, in proportion to its respective portion of the Equity Shares issued pursuant to the Fresh Issue and the Offered Shares, shall be shared among the Company and the Selling Shareholders on a pro rata basis, in proportion to its respective portion of the Equity Shares sold in the Offer in accordance with Section 28 (3) of the Companies Act.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and the Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Main Provisions of the Articles of Association*" on page 436.

Allotment only in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges. In this context, our Company has entered into the following agreements with the respective Depositories and Registrar to the Offer:

- Tripartite agreement dated July 4, 2016 amongst our Company, NSDL and Registrar to the Offer; and
- Tripartite agreement dated July 8, 2016 amongst our Company, CDSL and Registrar to the Offer.

Market Lot and Trading Lot

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares. For the method of Basis of Allotment, see "*Offer Procedure*" beginning on page 414.

Joint Holders

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or
b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with. Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

Compliance with disclosure and accounting norms

Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

Bid/Offer Programme

BID/ OFFER OPENS ON*	Wednesday, November 2, 2022
BID/ OFFER CLOSES ON**	Friday, November 4, 2022^

**Our Company acting through its IPO Committee, in consultation with the BRLMs, may consider participation by Anchor Investors. The Anchor Investor Bid/ Offer Period shall be one Working Day prior to the Bid/ Offer Opening Date in accordance with the SEBI ICDR Regulations.*

***Our Company acting through its IPO Committee, in consultation with the BRLMs may consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*

^UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Date i.e. Friday, November 4, 2022.

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about Thursday, November 10, 2022
Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account*	On or about Friday, November 11, 2022
Credit of the Equity Shares to depository accounts of Allottees	On or about Monday, November 14, 2022
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Tuesday, November 15, 2022

** In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/ Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the application amount for the period of such delay by the intermediary responsible for causing such delay in unblocking, which period shall start from the day following the receipt of a complaint from the investor. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The bidders shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021; SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021; 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, in case of delays in resolving investor grievances in relation to blocking/unblocking of funds which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs, to the extent applicable.*

From the date of receipt of complaint from the Bidder, in addition to the compensation to be paid by the SCSBs as above, the post-Offer BRLMs shall be liable for compensating the Bidder at a uniform rate of ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which grievance is received by the BRLMs or Registrar until the date on which the blocked amounts are unblocked. The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/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, 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.

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Company, our Selling Shareholders or the BRLMs.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company through its IPO Committee, in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSBs on a daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the

Bid/Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the same Working Day and submit the confirmation to the Book Running Lead Managers and the Registrar to the Offer not later than the next working day from the finalization of basis of allotment by the Registrar to the Offer, as per the format prescribed in 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.

To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within six Working Days from the Bid/Offer Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Red Herring Prospectus may result in changes to the above-mentioned timelines. Further, the Offer procedure is subject to change basis any revised SEBI circulars to this effect.

Submission of Bids (other than Bids from Anchor Investors):

Bid/ Offer Period (except the Bid/ Offer Closing Date)	
Submission and Revision in Bids	Only between 10:00 am and 5:00 pm IST
Bid/ Offer Closing Date	
Submission and Revision in Bids	Only between 10:00 am and 3:00 pm IST*

**UPI mandate end time and date shall be 5:00 p.m. on Bid Offer Closing Date.*

On the Bid/ Offer Closing Date:

(i) In case of Bids by QIBs and Non-Institutional Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m.(IST) and uploaded by 4.00 p.m. IST, and

(ii) In case of Bids by Retail Individual Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders, after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs 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. Any time mentioned in this 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 this Offer. Bids and any revisions in Bids will be accepted only during Working Days.

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 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.

None among our Company and the Selling Shareholders or any member of the Syndicate is liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; and (ii) the blocking of Bid

Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Our Company acting through its IPO Committee, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In 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 revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company through its IPO Committee, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the Syndicate Members and by intimation to the Designated Intermediaries.

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

If our Company does not receive the minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR), including through devolvement of Underwriters, as applicable, within 60 days from the date of Bid/ Offer Closing Date on the date of closure of the Offer; or the minimum subscription of 90% of the Fresh Issue on the date of closure of the Offer; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the offer document, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond four days after our Company becomes liable to pay the amount, our Company and our Directors, who are officers in default, shall pay interest at the rate of 15% per annum in accordance SEBI circular bearing no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, including the SEBI circular bearing no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. In the event of an undersubscription in the Offer, Equity Shares offered pursuant to the Fresh Issue shall be allocated in the Fresh Issue prior to the Equity Shares offered pursuant to the Offer for Sale.

The Selling Shareholders, severally and not jointly, shall be liable to refund money raised in the Offer only to the extent of the Equity Shares offered by such Selling Shareholder in the Offer, together with any interest on such money, as required under Applicable Law, to the Bidder, provided that none of the Selling Shareholders shall be responsible to pay such interest unless such delay is caused solely by, or is directly attributable to, an act or omission of such Selling Shareholder in relation to its portion of the Offered Shares, and in such cases the Company shall be responsible to pay such interest. All refunds made, interest borne, and expenses incurred (with regard to payment of refunds) by the Company on behalf of any of the Selling Shareholders will be adjusted or reimbursed by such Selling Shareholder to the Company as agreed among the Company and the Selling Shareholders in writing, in accordance with Applicable Law.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for lock-in of the Promoters’ minimum contribution under the SEBI ICDR Regulations and the Anchor

Investor lock-in as provided in "*Capital Structure*" on page 79 and except as provided under the Articles of Association, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares of our Company and on their consolidation or splitting, except as provided in the Articles of Association. For details, see "*Main Provisions of the Articles of Association"* on page 436.

Eligibility and Transfer Restrictions

As described more fully below, there are certain restrictions regarding the Equity Shares that affect potential U.S. and non-U.S. investors. These restrictions are (i) prohibitions on participation in the Offer by persons in circumstances which would cause our Company to be required to be registered as an investment company under the U.S. Investment Company Act and (ii) restrictions on the ownership of Equity Shares by such persons following the Offer.

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the U.S. Securities Act ("U.S. Persons") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Our Company has not registered and does not intend to register under the U.S. Investment Company Act. Accordingly, the Equity Shares are only being offered and sold (i) to persons in the United States or to, or for the account or benefit of, U.S. Persons, in each case that are both "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Red Herring Prospectus as "U.S. QIBs"; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Red Herring Prospectus as "QIBs") and "qualified purchasers" (as defined under the U.S. Investment Company Act and referred to in this Red Herring Prospectus as "QPs") in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and in reliance upon section 3(c)(7) of the U.S. Investment Company Act; or (ii) outside the United States to investors that are not U.S. Persons nor persons acquiring for the account or benefit of U.S. Persons in offshore transactions 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 Equity Shares may not be re-offered, re-sold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S to a person outside the United States and not known by the transferor to be a U.S. Person by pre-arrangement or otherwise (including, for the avoidance of doubt, a bona fide sale on the BSE or the NSE).

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made, by persons in any such jurisdiction except in compliance with the applicable laws of such jurisdiction.

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

The Equity Shares 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 Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved.

Our Company is not and will not be registered under the U.S. Investment Company Act, and investors will not be entitled to the benefits afforded to investors under the U.S. Investment Company Act. Investors may be required to bear the financial risk of an investment in the Equity Shares for an indefinite period.

Eligible Investors

The Equity Shares are being offered and sold:

i. in the United States or to, or for the account or benefit of, U.S. Persons, in each case that are both U.S. QIBs and QPs, in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and in reliance on section 3(c)(7) of the U.S. Investment Company Act; and

ii. outside the United States to investors that are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions 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 or to U.S. Persons

Each purchaser that is a U.S. Person or acquiring the Equity Shares issued pursuant to this Offer within the United States or for the account or benefit of U.S. Persons, by a declaration included in the Bid cum Application Form and its acceptance of this Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed, on behalf of itself and each person for which it is acting, with the Company and the Managers that it has received a copy of this Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

i. the purchaser is authorized to consummate the purchase of the Equity Shares issued pursuant to this Offer in compliance with all applicable laws and regulations;

ii. the purchaser acknowledges that the Equity Shares issued pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

iii. the purchaser (i) is a U.S. QIB and a QP, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act, (iii) was not formed for the purpose of investing in the Equity Shares and (iv) is acquiring such Equity Shares for its own account or for the account of one or more persons, each of which is a U.S. QIB and a QP, with respect to which it exercises sole investment discretion;

iv. the purchaser acknowledges that the Company has not registered, and does not intend to register, as an "investment company" (as such term is defined under the U.S. Investment Company Act) and that the Company has imposed the transfer and offering restrictions with respect to persons in the United States and U.S. Persons described herein so that the Company will qualify for the exception provided under Section 3(c)(7) of the U.S. Investment Company Act and will have no obligation to register as an investment company. The purchaser, and each person for which it is acting, also understands and agrees that the Company and the Managers shall have the right to request and receive such additional documents, certifications, representations and undertakings, from time to time, as they may deem necessary in order to comply with applicable legal requirements;

v. the purchaser is not a broker-dealer which owns and invests on a discretionary basis less than US$25 million in securities of issuers unaffiliated with such broker-dealer;

vi. the purchaser understands that, subject to certain exceptions, to be a QP, entities must have U.S.$25 million in "investments" (as defined in Rule 2a51- l of the U.S. Investment Company Act);

vii. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

viii. the purchaser is not a participant-directed employee plan, such as a 401(k) plan, or a trust holding the assets of such plan, unless the investment decisions with respect to such plan are made solely by the fiduciary, trustee or sponsor of such plan;

ix. the purchaser is not managed as a device for facilitating individual investment decisions of beneficial owners, but rather is managed as a collective investment vehicle;

x. the purchaser, and each account for which it is purchasing or otherwise acquiring Equity Shares, will purchase, hold or transfer Equity Shares amounting to at least US$250,000 or its equivalent in another currency;

xi. it, and each person for which it is acting, was not formed, reformed or recapitalized for the purpose of investing in the Equity Shares and/or other securities of the Company;

xii. if the purchaser, or any person for which it is acting, is an investment company excepted from the U.S Investment Company Act pursuant to section 3(c)(1) or section 3(c)(7) thereof (or a foreign investment company under Section 7(d) thereof relying on section 3(c)(1) or 3(c)(7) with respect to its holders that are U.S. persons) and was formed on or before April 30, 1996, it has received the consent of its beneficial owners who acquired their interests on or before April 30, 1996, with respect to its treatment as a QP in the manner required by Section 2(a)(51)(C) of the U.S. Investment Company Act and the rules promulgated thereunder;

xiii. the purchaser, and each person for which it is acting, is not a partnership, common trust fund, or corporation, special trust, pension fund or retirement plan, or other entity, in which the partners, beneficiaries, beneficial owners, participants, shareholders or other equity owners, as the case may be, may designate the particular investments to be made, or the allocation thereof unless all such partners, beneficiaries, beneficial owners, participants, shareholders or other equity owners are both QIBs and QPs;

xiv. the purchaser, and each person for which it is acting, has not invested more than 40.0% of its assets in the Equity Shares (or beneficial interests therein) and/or other securities of the Company after giving effect to the purchase of the Equity Shares (or beneficial interests therein) (unless all of the beneficial owners of such entity's securities are both QIBs and QPs);

xv. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act to a person outside the United States and not known by the transferor to be a U.S. Person by pre-arrangement or otherwise (including, for the avoidance of doubt, a bona fide sale on the BSE or the NSE). The purchaser agrees not to effect any sale, pledge or other transfer unless the purchaser first executes a US Resale Letter in the form of Annexure B to this Red Herring Prospectus and delivers such letter to the Company prior to the settlement if any sale, pledge or other transfer of the Equity Shares. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them;

xvi. is not subscribing to, or purchasing, the Equity Shares with a view to, or for the offer or sale in connection with, any distribution thereof (within the meaning of the U.S. Securities Act) that would be in violation of the securities laws of the United States or any state thereof;

xvii. the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;

xviii. the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

xix. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares or any "general solicitation" or "general advertising" (as defined in Regulation D under the U.S. Securities Act) in the United States in connection with any offer or sale of the Equity Shares;

xx. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

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 THE ISSUER HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "U.S. INVESTMENT COMPANY ACT"). THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE TRANSFEROR TO BE A US PERSON BY PRE-ARRANGEMENT OR OTHERWISE IN AN

OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, AND OTHERWISE IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND THE U.S. INVESTMENT COMPANY ACT. THIS SECURITY IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE COMPANY'S OFFER DOCUMENTS TO THE TRANSFEREE AND TO ANY EXECUTING BROKER.

xxi. the purchaser agrees, upon a proposed transfer of the Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Equity Shares being sold and agrees not to act as a swap counterparty or other type of intermediary whereby any other party will acquire an economic interest or beneficial interest in the Equity Shares acquired or reoffer, resell, pledge or otherwise transfer the Equity Shares or any beneficial interest therein, to any person except to a person that meets all of the requirements above and who agrees not to subsequently transfer the Equity Shares or any beneficial interest therein except in accordance with these transfer restrictions;

xxii. the purchaser understands and acknowledges that (i) the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; (ii) any acquisition of a beneficial interest in the Equity Shares by any U.S. Person or any person within the United States who is required under these restrictions to be a QP but is not a QP at the time it acquires a beneficial interest in the Equity Shares, shall be null and void ab initio and will not be honored by the Company and in no event will the Company, its directors, officers, employees or agents, including any broker or dealer, have any liability whatsoever to the purchaser by reason of any act or failure to act by any person authorized by the Company in connection with the foregoing;

xxiii. the purchaser understands and acknowledges that our Company may be considered a "covered fund" for purposes of the Volcker Rule. The definition of "covered fund" in the Volcker Rule includes (generally) any entity that would be an investment company under the U.S. Investment Company Act, but for the exceptions provided under Section 3(c)(1) or 3(c)(7) thereunder. Because our Company relies on Section 3(c)(7) of the U.S. Investment Company Act for its exclusion from registration thereunder, it may be considered to be a covered fund. Accordingly, banking entities that are subject to the Volcker Rule may be prohibited under the Volcker Rule from, among other things, acquiring or retaining our Equity Shares, absent any applicable exception, exclusion or exemption. Each purchaser must make its own determination as to whether it is a banking entity subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to purchase or retain our Equity Shares;

xxiv. the purchaser is knowledgeable, sophisticated and experienced in business and financial matters, fully understands the limitations on ownership and transfer and the restrictions on sales of the Equity Shares and is aware that there are substantial risks incidental to the purchase of the Equity Shares and is able to bear the economic risk of such purchase; and

xxv. the purchaser acknowledges that the Company, the Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All Other Equity Shares Offered and Sold in this Offer

Each purchaser that is a non-U.S. Person and acquiring the Equity Shares sold pursuant to this Offer outside the United States, by a declaration included in the Bid cum Application Form and its acceptance of this Red Herring Prospectus and of the Equity Shares sold pursuant to this Offer, will be deemed to have acknowledged, represented to and agreed with the Company and the Managers that it has received a copy of this Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

i. the purchaser is authorized to consummate the purchase of the Equity Shares sold pursuant to this Offer in compliance with all applicable laws and regulations;

ii. the purchaser acknowledges that the Equity Shares issued pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

iii. the purchaser is purchasing the Equity Shares issued pursuant to this Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;

iv. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares issued pursuant to this Offer, is a non-U.S. Person and was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such Equity Shares was originated, and continues to be a non-U.S. Person and located outside the United States and has not purchased such Equity Shares for the account or benefit of any U.S. Person or any person in the United Sates or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any U.S. Person or any person in the United States;

v. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

vi. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act to a person not known by the transferor to be a U.S. Person by pre-arrangement or otherwise (including, for the avoidance of doubt, a bona fide sale on the BSE or the NSE) . The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them, and confirms that the proposed transfer of the Equity Shares is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Act or the U.S. Investment Company Act;

vii. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;

viii. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

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 THE ISSUER HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "U.S. INVESTMENT COMPANY ACT"). THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE TRANSFEROR TO BE A US PERSON BY PRE-ARRANGEMENT OR OTHERWISE IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND OTHERWISE IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND THE U.S. INVESTMENT COMPANY ACT. THIS SECURITY IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE COMPANY'S OFFER DOCUMENTS TO THE TRANSFEREE AND TO ANY EXECUTING BROKER.

ix. the purchaser agrees, upon a proposed transfer of the Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Equity Shares being sold;

x. the purchaser understands and acknowledges that (i) the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; (ii) any acquisition of a beneficial interest in the Equity Shares by any U.S. Person or any person within the United States who is required under these restrictions to be a QP but is not a QP at the time it acquires a beneficial interest in the Equity Shares, shall be null and void ab initio and will not be honored by the Company and in no event will the Company, its directors, officers, employees or agents, including any broker or dealer, have any liability whatsoever to the purchaser by reason of any act or failure to act by any person authorized by the Company in connection with the foregoing;

xi. the purchaser understands and acknowledges that our Company may be considered a "covered fund" for purposes of the Volcker Rule. The definition of “covered fund” in the Volcker Rule includes (generally) any entity that would be an investment company under the U.S. Investment Company Act, but for the exceptions provided under Section 3(c)(1) or 3(c)(7) thereunder. Because our Company relies on Section 3(c)(7) of the U.S. Investment Company Act for its exclusion from registration thereunder, it may be considered to be a covered fund. Accordingly, banking entities that are subject to the Volcker Rule may be prohibited under the Volcker Rule from, among other things, acquiring or retaining our Equity Shares, absent any applicable exception, exclusion or exemption. Each purchaser must make its own determination as to whether it is a banking entity subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to purchase or retain our Equity Shares; and

xii. the purchaser acknowledges that the Company, the Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Withdrawal of the Offer

Our Company acting through its IPO Committee, in consultation with the BRLMs, reserves the right not to proceed with the Fresh Issue and the Selling Shareholders, reserve the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank (in case of RIBs using the UPI Mechanism), to unblock the bank accounts of the ASBA Bidders and 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.

If our Company acting through its IPO Committee, in consultation with the BRLMs withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the filing of the Prospectus with the RoC.

OFFER STRUCTURE

Initial public offering of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million (the "**Offer**"). The Offer comprises of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 6,000 million and an Offer for Sale of up to 13,695,466 Equity Shares aggregating up to ₹ [●] million. The Offer shall constitute [●] %, of the post-offer paid-up Equity Share capital of our Company.

The face value of the Equity Shares is ₹ 10 each.

The Offer is being made through the Book Building Process.

Particulars	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
Numberof Equity Shares available for Allotment/ allocation(2)	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer size available for Allotment/ allocation	Not more than 50% of the Net Offer shall be available for allocation to QIBs. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs	Not less than 15% of the Net Offer or the Offer less allocation to QIBs and Retail Individual Bidders will be available for allocation, 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 ₹ 0.2 million and up to ₹ 1.0 million; and (ii) two-third of the portion available to Non Institutional Bidders shall be reserved for applicants with application size of more than ₹ 1.0 million provided that the unsubscribed portion in either of the subcategories specified above may be allocated to applicants in the other sub-category of Non Institutional Bidders.	Not less than 35% of the Offer or Offer less allocation to QIBs and Non-Institutional Bidders will be available for allocation
Basis of Allotment if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs including	The allotment to each Non-Institutional Bidder shall not be less than the minimum NIB application size, subject to the availability of Equity Shares in the Non Institutional Portion, and the remaining Equity Shares if any, shall be allotted on a proportionate basis.	Allotment to each Retail Individual Bidders shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. For further details, see the "*Offer Procedure*" beginning on page 414.

Particulars	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
	Mutual Funds receiving allocation as per (a) above. Our Company and the through its IPO Committee, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only.	For details, see "*Offer Procedure*" beginning on 414.	
Minimum Bid	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares not exceeding the size of the Offer, subject to applicable limits.	Such number of Equity Shares not exceeding the size of the Offer less the QIB Portion, subject to applicable limits.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in dematerialised form.		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share		
Trading Lot	One Equity Share		
Who can Apply[(3)]	Mutual Funds, Venture Capital Funds, AIFs, FVCIs, FPIs, other than individuals, corporate bodies and family offices, public financial institution as defined in Section 2(72) of the Companies Act, 2013, a scheduled commercial bank, multilateral and bilateral development financial institution, state industrial development corporation, insurance company registered with the Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India and NBFC-SI.	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts, and FPIs who are individuals, corporate bodies and family offices.	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs.
Terms of Payment[(4)]	**In case of Anchor Investors**: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids. **In case of all other Bidders**: Full Bid Amount shall be blocked in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank(s) through the UPI Mechanism, that is specified in the ASBA Form at the time of submission of the ASBA Form.		
Mode of Bidding	Only through the ASBA process (except for Anchor Investors). UPI Bidders shall be required to use the UPI Mechanism.		

(1) *Our Company through its IPO Committee, may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For further details, see "Offer Procedure" on page 414.*

(2) *Subject to valid Bids being received at or above the Offer Price. The Offer is being made in terms of Rule 19(2)(b) of the SCRR and is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to QIBs. Further, 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 QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to all QIBs. Further, 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 Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. The Equity Shares 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 ₹ 1.00 million, and (ii) two-third of the 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 of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders in accordance with the 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 the Non-Institutional Bidder 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. 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. In case of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, the Allotment for the valid Bids will be made in the first instance towards subscription for 90% of the Fresh Issue ("**Minimum Subscription**") prior to the sale of Equity Shares in the Offer for Sale, provided that post satisfaction of the Minimum Subscription, Equity Shares will be Allotted under the Offer for Sale in proportion to the Offered Shares being offered by the Selling Shareholders. For avoidance of doubt, it is hereby clarified that balance Equity Shares of the Fresh Issue (i.e., 10% of the Fresh Issue) will be offered only once the entire portion of the Offered Shares is Allotted in the Offer. For further details, please see "Terms of the Offer" on page 400.*

(3) *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.*

(4) *Anchor Investors shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid, provided that any positive difference between the Anchor Investor Allocation Price and the Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN.*

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the "**General Information Document**") which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer especially in relation to the process for Bids by RIBs through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) Category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders/Applicants; (v)issuance of CAN and allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid Form); (vii) submission of Bid cum Application Form; (viii) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) disposal of application (x) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (xi) mode of making refunds; (xii) Designated Date 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, has introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. The final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs ("**UPI Phase III**"), as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and circular (SEBI/HO/CFD/DIL2/CIR/P/2022/51) dated April 20, 2022, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. The provisions of these circulars are deemed to form part of this Red Herring Prospectus. Furthermore, SEBI vide its circular (SEBI/HO/CFD/DIL2/CIR/P/2022/45) dated April 5, 2022, has mandated all individual investors Bidding in the Offer up to ₹ 0.50 million to use the UPI Mechanism for submitting their Bids with (a) a Syndicate Member; (b) a Registered Broker; (c) a Collecting Depository Participant; and (d) the Registrar to the Offer and share transfer agent. This Circular has come into force for initial public offers opening on or after May 1, 2022 and the provisions of these circular are deemed to form part of this Red Herring Prospectus.*

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).

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

Further, our Company, Selling Shareholders and the members of the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.

Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer shall be allocated on a proportionate basis to QIBs, provided that our Company acting through its IPO Committee, 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, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and spill-over from the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company acting through its IPO Committee, in consultation with the BRLMs and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized mode on the platform of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID (for RIBs using the UPI Mechanism), shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Phased implementation of Unified Payments Interface

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, a RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no.

SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 has decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. 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 has been discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days. Accordingly, upon commencement of Phase III, the reduced time duration shall be applicable for the Offer.

Pursuant to the UPI 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 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 in this regard, the relevant SCSB as well as the post –Issue BRLM will be required to compensate the concerned investor.

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.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint from among the SCSBs as the Sponsor Bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Investors using the UPI.

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 make an application as prescribed in Annexure I of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and 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/P/CIR/2022/75 dated May 30, 2022.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of 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 with 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 RIBs can additionally Bid through the UPI Mechanism.

RIBs 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 Form that does not contain the UPI ID are liable to be rejected. Retail Individual Investors bidding using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of the SEBI. ASBA Bidders using 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 or the UPI ID, as applicable, in the relevant space provided in the ASBA Form. Applications made using third party bank account or using third party linked bank account UPI ID are liable for rejection.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain broker. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable at the time of submitting the Bid. In order to ensure timely information to investors SCSBs are required to send SMS alerts to investors intimating them about the Bid Amounts blocked/unblocked including details as prescribed in Annexure II of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.

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 shall be applicable for all categories of investors viz. Retail Individual Investors, QIBs, Non-Institutional Bidders, and also for all modes through which the applications are processed.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis	Blue
Anchor Investors	White

* *Excluding electronic Bid cum Application Forms*

Notes:

(1) Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com).

(2) Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs.

In case of ASBA forms, the relevant Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. For ASBA Forms (other than RIBs using UPI Mechanism) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For Retail Individual Investors using the UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis through API integration to enable the Sponsor Bank to initiate a UPI Mandate Request to such Retail Individual Investors for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, 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 and the issuer bank. The Sponsor Bank and the Bankers to the Offer shall provide the audit trail to the BRLMs for analysing the same and fixing liability.

The Sponsor Bank 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 will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank 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 Banks on a continuous basis. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in SEBI circular dated March 16, 2021, as amended pursuant to SEBI circular dated June 2, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.

For all pending UPI Mandate Requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5:00 pm 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.

The Sponsor Bank shall host web portals for intermediaries (closed user group) from the date of Bid/Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Offer Bidding process.

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 issue.

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 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.

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the U.S. Securities Act ("U.S. Persons") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Our Company has not registered and does not intend to register under the U.S. Investment Company Act. Accordingly, the Equity Shares are only being offered and sold (i) to persons in the United States or to, or for the account or benefit of, U.S. Persons, in each case that are both "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Red Herring Prospectus as "U.S. QIBs"; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Red Herring Prospectus as "QIBs") and "qualified purchasers" (as defined under the U.S. Investment Company Act and referred to in this Red Herring Prospectus as "QPs") in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and in reliance upon section 3(c)(7) of the U.S. Investment Company Act; or (ii) outside the United States to investors that are not U.S. Persons nor persons acquiring for the account or benefit of U.S. Persons in offshore transactions 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 Equity Shares may not be re-offered, re-sold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S to a person outside the United States and not known by the transferor to be a U.S. Person by pre-arrangement or otherwise (including, for the avoidance of doubt, a bona fide sale on BSE or NSE).

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction except in compliance with the applicable laws of such jurisdiction.

Participation by our Promoters, the Promoter Group, the BRLMs, the Syndicate Members, associates, and affiliates of the BRLMs and the Syndicate Members and persons related to the Promoters/Promoter Group.

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs) nor (ii) any "person related to the Promoters/ Promoter Group" shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a "person related to the Promoters/ Promoter Group": (a) rights under a shareholders' agreement or voting agreement entered into with the Promoters or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board. Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

The Promoters and members of the Promoter Group will not participate in the Offer, except to the extent of the sale of Equity Shares by the Promoters as a part of the Offer for Sale.

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 through its IPO Committee in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its NAV in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their respective SCSB to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident

Forms should authorize their respective SCSB to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (White in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (Blue in colour).

Eligible NRI will be permitted to apply in the Offer through Channel I or Channel II (as specified in the SEBI UPI Circulars). Further, subject to applicable law, Eligible NRIs may use Channel IV (as specified in the SEBI UPI Circulars) to apply in the Offer, provided the UPI facility is enabled for their NRE/NRO accounts

For details of investment by NRIs, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 434. Participation of Eligible NRIs shall be subject to the FEMA Non-debt Instruments Rules.

Bids by HUFs

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 will be considered at par with Bids/Applications from individuals.

Bids by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-debt Instruments Rules, 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 on a fully diluted basis. 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 utilise 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 Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Non-debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivate instruments is also required to ensure that any transfer of offshore derivative instruments issued by, or on behalf of it subject to, inter alia, the following conditions:

(a) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and
(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred are pre-approved by the FPI.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents. Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the operational guidelines for FPIs and designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations (such structure referred to as "**MIM Structure**"), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs.

Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation in the Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

Bids by SEBI registered VCFs, AIFs and FVCIs

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 ("**SEBI VCF Regulations**") as amended, inter alia prescribe the investment restrictions on VCFs, registered with SEBI. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 ("**SEBI AIF Regulations**") prescribe, amongst others, the investment restrictions on AIFs. The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 as amended ("**SEBI FVCI Regulations**") prescribe the investment restrictions on FVCIs.

Accordingly, the holding in any company by any individual VCF or FVCIs registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company, Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company through its IPO Committee, in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banking companies in terms of Section 6(1) of the Banking Regulation Act; or (ii) the additional acquisition is through restructuring of debt, or to protect the banking company's interest on loans/investments made to a company. The bank is required to submit a time bound action plan to the RBI for the disposal of such shares within a specified period. The aggregate investment by a banking company along with its subsidiaries, associates or joint ventures or entities directly or indirectly controlled by the bank; and mutual funds managed by asset management companies controlled by the bank, more than 20% of the investee company's paid up share capital engaged in non-financial services. However, this cap doesn't apply to the cases mentioned in (i) and (ii) above. The aggregate equity investments made by a banking company in all subsidiaries and other entities engaged in financial services and non-financial services, including overseas investments shall not exceed 20% of the bank's paid-up share capital and reserves.

In terms of the Master Circular on Basel III Capital Regulations dated July 1, 2014, as amended (i) a bank's investment in the capital instruments issued by banking, financial and insurance entities should not exceed 10% of its capital funds; (ii) banks should not acquire any fresh stake in a bank's equity shares, if by such acquisition, the investing bank's holding exceeds 5% of the investee bank's equity capital; (iii) equity investment by a bank in a subsidiary company, financial services company, financial institution, stock and other exchanges should not exceed 10% of the bank's paid-up share capital and reserves; (iv) equity investment by a bank in companies engaged in non-financial services activities would be subject to a limit of 10% of the investee company's paid-up share capital or 10% of the bank's paid-up share capital and reserves, whichever is less; and (v) a banking company is restricted from holding shares in any company, whether as pledgee, mortgagee or absolute owner, of an amount exceeding 30% of the paid-up share capital of that company or 30% of its own paid-up share capital and reserves, whichever is less.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company through its IPO Committee, in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers are prescribed under the Insurance Regulatory and Development Authority (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. Bidders are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company through its IPO Committee, in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company, through its IPO Committee, in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company through its IPO Committee, in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Company through its IPO Committee, in consultation with the BRLMs may deem fit.

Bids by Anchor Investors

(a.) 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. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.

(b.) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100.00 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100.00 million.

(c.) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

(d.) Bidding for Anchor Investors will open one Working Day before the Bid/Offer Opening Date, and will be completed on the same day.

(e.) Our Company acting through its IPO Committee, in consultation with the BRLMs may finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than: maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100.00 million; minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100.00 million but up to ₹ 2,500.00 million, subject to a minimum Allotment of ₹ 50.00 million per Anchor Investor; and in case of allocation above ₹ 2,500.00 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500.00 million, and an additional 10 Anchor Investors for every additional ₹ 2,500.00 million, subject to minimum Allotment of ₹ 50.00 million per Anchor Investor.

(f.) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, will be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.

(g.) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

(h.) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Offer Price will be payable by the Anchor Investors on the Anchor Investor Pay-In Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Offer Price, Allotment to successful Anchor Investors will be at the higher price.

(i.) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.

(j.) Neither the BRLMs nor any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the and BRLMs) , nor any "person related to Promoters or Promoter Group" shall apply in the Offer under the Anchor Investor Portion.

(k.) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids. The above information is given for the benefit of the Bidders. Our Company, the 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 Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

(l.) 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 90 days from the date of Allotment, while the remaining 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditors, and (iii) such other approval as may be required by the Systemically Important NBFCs, are required to be attached to the Bid cum Application Form. Failing this, our Company acting through its IPO Committee in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus and the Prospectus.

Information for Bidders

The relevant Designated Intermediary will enter each Bid option into the electronic Bidding system as a separate Bid and generate an acknowledgement slip ("**Acknowledgement Slip**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three Acknowledgement Slips for each Bid cum Application Form. It is the Bidder's responsibility to obtain the Acknowledgment Slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he/she shall surrender the earlier Acknowledgement Slip and may request for a revised Acknowledgment Slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

In the event of an upward revision in the Price Band, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed ₹ 200,000 with respect to

Retail Individual Bidders if the Bidder wants to continue to Bid at Cut-off Price). The revised Bids must be submitted to the same Designated Intermediary to whom the original Bid was submitted. If the total amount (i.e. the original Bid Amount plus additional payment) exceeds ₹ 200,000 with respect to Retail Individual Bidders, the Bid will be considered for allocation under the Non-Institutional Portion. If, however, the Retail Individual Bidder does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Retail Individual Bidder and the Retail Individual Bidder is deemed to have approved such revised Bid at Cut-off Price.

In the event of a downward revision in the Price Band, Retail Individual Bidders who have bid at Cut-off Price may revise their Bid; otherwise, the excess amount paid at the time of Bidding would be unblocked after Allotment is finalised.

Any revision of the Bid shall be accompanied by instructions to block the incremental amount, if any, to be paid on account of the upward revision of the Bid.

General Instructions

Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;

4. Ensure that you have mentioned the correct ASBA Account number if you are not an RIB using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;

5. RIBs using UPI Mechanism 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. RIBs 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;

6. Ensure that your PAN is linked with Aadhaar and are in compliance with Central Board of Direct Taxes notification dated February 13, 2020 and press release dated June 25, 2021;

7. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. UPI Bidders using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;

8. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;

9. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;

10. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

11. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

12. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;

13. RIBs Bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

14. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

15. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

16. 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 dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

17. Ensure that the Demographic Details are updated, true and correct in all respects;

18. 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;

19. Ensure that the category and the investor status is indicated in the Bid cum Application Form;

20. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;

21. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

22. 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;

23. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;

24. Anchor Investors should submit the Anchor Investor Application Forms to the BRLMs;

25. The ASBA bidders shall ensure that bids above ₹ 500,000, are uploaded only by the SCSBs;

26. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 5:00 p.m. on the Bid/ Offer Closing Date;

27. 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;

28. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form; and

29. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in)**.**

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹200,000 for Bids by Retail Individual Bidders;

3. In case of ASBA Bidders (other than 3 in 1 Bids) Syndicate Members shall ensure that they do not upload any bids above ₹ 500,000;

4. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

5. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

6. Do not Bid at Cut-off Price for Bids by QIBs and Non-Institutional Bidders;

7. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

8. Do not submit the Bid for an amount more than funds available in your ASBA account.

9. 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;

10. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;

11. If you are a RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;

12. Anchor Investors should not Bid through the ASBA process;

13. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;

14. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

15. Do not submit the General Index Register (GIR) number instead of the PAN;

16. 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;

17. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

18. 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);

19. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

20. Do not submit a Bid using UPI ID, if you are not a RIB;

21. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

22. Do not Bid for Equity Shares in excess of what is specified for each category;

23. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

24. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders can revise or withdraw their Bids on or before the Bid/Offer Closing Date;

25. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;

26. If you are an RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID; and

27. Do not Bid if you are an OCB.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer. For details of our Company Secretary and Compliance Officer, see "*General Information – Book Running Lead Managers*" on page 72.

Grounds for Technical Rejections

In addition to the grounds for rejection of Bids on technical grounds as provided in the General Information Document, Bidders are requested to note that Bids may be rejected on the following additional technical grounds:

1. Bid submitted without instruction to the SCSB to block the entire Bid Amount;

2. Bids which do not contain details of the Bid Amount and the bank account or UPI ID (for RIBs using the UPI Mechanism) details in the ASBA Form;

3. Bids submitted on a plain paper;

4. Bids submitted by RIBs using the UPI Mechanism through an SCSB and/or using a Mobile App or UPI handle, not listed on the website of SEBI;

5. Bids under the UPI Mechanism submitted by RIBs using third party bank accounts or using a third party linked bank account UPI ID, subject to availability of information from the Sponsor Bank;

6. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;

7. Bids submitted without the signature of the First Bidder or sole Bidder;

8. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;

9. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;

10. Bids by Retail Individual Bidders with Bid Amount for a value of more than ₹ 200,000;

11. GIR number furnished instead of PAN;

12. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals; and

13. Bids accompanied by cheque(s), demand draft(s), stock invest, money order, postal order or cash.

14. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/ Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Offer Closing Date, and Bids by RIBs uploaded after 5.00 p.m. on the Bid/ Offer Closing Date, unless extended by the Stock Exchanges. 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.

For helpline details of the Book Running Lead Managers pursuant to the SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, read with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, see "*General Information – Book Running Lead Managers*" on page 72.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Designated Stock Exchange, along with the BRLMs and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares through the Red Herring Prospectus and the Prospectus except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than one per cent of the Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available shares, if any, shall be allotted on a proportionate basis. The Allotment of Equity Shares to Anchor Investors shall be on a discretionary basis.

The Equity Shares 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 ₹ 1.00 million, and (ii) two-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 1.00 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 NIB Application Size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares.

Payment into Escrow Account(s) for Anchor Investors

Our Company through its IPO Committee, in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

(a) In case of resident Anchor Investors: "FUSION MICRO FINANCE LIMITED-ANCHOR RESIDENT ACCOUNT"
(b) In case of Non-Resident Anchor Investors: "FUSION MICRO FINANCE LIMITED-ANCHOR RESIDENT ACCOUNT"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders and the members of Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre- Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) all editions of Financial Express, an English national daily newspaper, (ii) all editions of Jansatta a Hindi national daily newspaper, Hindi being the regional language where our Registered Office is located, each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Post-Offer Advertisement

Our Company, the BRLMs and the Registrar, shall publish a post-Offer advertisement in terms of Regulation 51(1) of SEBI ICDR Regulations on or before the date of commencement of trading, disclosing the date of commencement of trading in all editions of Financial Express, an English national daily newspaper, and all editions of Jansatta, a Hindi national daily newspaper, Hindi being the regional language where our Registered Office is located, each with wide circulation.

Signing of the Underwriting Agreement and the RoC Filing

(a) Our Company, the Selling Shareholders and the Underwriters intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price but prior to the filing of Prospectus.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Undertakings by our Company

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors;

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI;

- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law for the delayed period;

- the funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- except for Equity Shares allotted pursuant to the Offer, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

- our Company acting through its IPO Committee, in consultation with the BRLMs, reserves the right not to proceed with the Fresh Issue, in whole or in part thereof, to the extent of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed;

- promoters' contribution, if any, shall be brought in advance before the Bid/Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees, in accordance with the applicable provisions of the SEBI ICDR Regulations; and

- if our Company acting through its IPO Committee, in consultation with the BRLMs withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

Undertakings by the Selling Shareholders

Each Selling Shareholder, severally and not jointly, undertakes in respect of itself and its respective portion of the Offered Shares that:

- the Offered Shares being offered for sale by such Selling Shareholder in the Offer are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations, and are held in dematerialised form;

- it is the legal and beneficial owner of its respective portion of the Offered Shares, has clear and marketable title to the extent of its respective portion of the Offered Shares pursuant to the Offer;

- that it shall provide such reasonable assistance to our Company and the BRLMs in redressal of such investor grievances that pertain to its respective portion of the Offered Shares;

- it shall provide such reasonable cooperation to our Company in relation to the completion of allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of its Offered Equity Shares offered by it pursuant to the Offer; and

- it shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from the Stock Exchanges has been received.

The decisions with respect to the Price Band, the minimum Bid lot, revision of Price Band, Offer Price, will be taken by our Company through its IPO Committee, in consultation with the BRLMs.

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 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 5 million or with both.

Depository Arrangement

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges. In this context, our Company has entered into the following agreements with the respective Depositories and Registrar to the Offer:

- Tripartite agreement dated June 4, 2016 amongst our Company, NSDL and Registrar to the Offer.

- Tripartite agreement dated July 8, 2016 amongst our Company, CDSL and Registrar to the Offer.

Utilisation of Offer Proceeds

Our Board of Directors certifies and 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, 2013;

- details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

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 Circular**"), which consolidates and supersedes all previous press note, 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 Circular and the FEMA (Non-debt Instruments) 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. 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 Offer Period.

As per the FDI Circular read with Press Note, 100% foreign direct investment is permitted under the automatic route for NBFCs, however, investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India.

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 Circular and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Circular; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/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 FPIs*" on page 420.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the U.S. Securities Act ("U.S. Persons") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Our Company has not registered and does not intend to register under the U.S. Investment Company Act. Accordingly, the Equity Shares are only being offered and sold (i) to persons in the United States or to, or for the account or benefit of, U.S. Persons, in each case that are both "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Red Herring Prospectus as "U.S. QIBs"; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Red Herring Prospectus as "QIBs") and "qualified purchasers" (as defined under the U.S. Investment Company Act and referred to in this Red Herring Prospectus as "QPs") in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and in reliance upon section 3(c)(7) of the U.S. Investment Company Act; or (ii) outside the United States to investors that are not U.S. Persons nor persons acquiring for the account or benefit of U.S. Persons in offshore transactions 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 Equity Shares may not be re-offered, re-sold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S to a person outside the United States and not known by the transferor to be a U.S. Person by pre-arrangement or otherwise (including, for the avoidance of doubt, a bona fide sale on the BSE or the NSE). See "*Terms of the Offer – Eligibility and Transfer Restrictions*" on page 405.

As we are relying on an analysis that our Company does not come within the definition of an "investment company" under the U.S. Investment Company Act because of the exception provided under section 3(c)(7) thereunder, our Company may be considered a "covered fund" as defined in the Volcker Rule. See "*Risk Factors – External Risks – Risks Relating to our Equity Shares and this Offer – U.S. regulation of investment activities may negatively affect the ability of banking entities to purchase our Equity Shares*" on page 62.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company 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 Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meanings that have been given to such terms in the Articles of Association of our Company. The main provisions of the Articles of Association of our Company are detailed below.

The Articles of Association of the Company comprise of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other until the receipt of final listing and trading approval pursuant to an initial public offer of equity shares of the Company. In case of inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall, subject to applicable law, prevail and be applicable. All articles of Part B shall automatically terminate and cease to have any force and effect from the date of receipt of final listing and trading approvals from the Exchanges for the listing and trading of the equity shares of the Company pursuant to an initial public offer and the provisions of Part A shall continue to be in effect and be in force, without any further corporate or other action, by the Company or by its shareholders.

PART A

AUTHORISED SHARE CAPITAL

Article 6 provides that the authorised share capital of the Company shall be such amount, divided into such class(es), denomination(s) and number of shares in the Company as stated in Clause V of the Memorandum of Association, with power to increase or reduce such capital from time to time and power to divide the shares in the capital for the time being into other classes and to attach thereto respectively such preferential, convertible, deferred, qualified, or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with the Articles of Association of the Company, subject to the provisions of applicable law for the time being in force.

SHARES AT THE DISPOSAL OF THE DIRECTORS

Article 9 provides that subject to the provisions of the Companies Act, 2013 and the Articles of Association, 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 and at such time as they may from time to time think fit and with the sanction of the Company in general meeting give to any person the option or right to call for any shares either at par or at a premium during such time and for such consideration as the board of directors think fit.

SUB-DIVISION, CONSOLIDATION AND CANCELLATION OF SHARE CERTIFICATE

Article 11 provides that subject to the provisions of the Companies Act, 2013, 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 Companies Act, 2013; and

(e) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination.

ISSUE OF CERTIFICATE

Article 23 provides that 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 director so approve (upon paying such fee as the director 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 a period of six (6) months from the date of allotment in the case of any allotment of debenture. In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to 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 directors or by a director and the company secretary, wherever the Company has appointed a company secretary and the common seal it shall be affixed in the presence of the persons required to sign the certificate.

COMPANY'S LIEN ON SHARES / DEBENTURES

Article 27 provides that the Company shall subject to applicable law have a first and paramount lien on every share / debenture (not being a fully paid share / debenture) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that share / debenture and no equitable interest in any share shall be created upon the footing and condition that this article will have full effect. 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 Article 27.

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.

Article 28 provides that the Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares / debentures.

Article 29 provides that the Company may sell, in such manner as the board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made—

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen (14) days' after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.

No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

Article 33 provides that 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.

CALLS ON SHARES

Article 35 provides that the Board may subject to the provisions of the Companies Act, 2013 and any other applicable law, from time to time, make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares (whether on account of the nominal value of the shares or by premium) and not by the conditions of allotment thereof made payable at fixed times. Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call. A call may be revoked or postponed at the discretion of the board. The power to call on shares shall not be delegated to any other person except with the approval of the shareholders in a general meeting.

Article 37 provides that the 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.

Article 39 provides that 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 the rate of 10 percent or such other lower 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.

Article 40 provides that 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.

Article 41 provides that in case of non-payment of such sum, all the relevant provisions of the 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.

Article 42 provides that the board –

(a) may, 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; and

(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.

TRANSFER OF SHARES

Article 59 provides that the Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any shares. The Company shall also use a common form of transfer, as prescribed under the Companies Act, 2013.

Article 61 provides the following about the instrument of transfer:

(a) The instrument of transfer of any share shall be in writing and all the provisions of the Companies Act, 2013, 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 Companies Act, 2013, 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 Companies Act, 2013, 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 Companies Act, 2013;

(ii) the instrument of transfer is accompanied by the certificate of shares to which it relates, and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer; and

(iii) the instrument of transfer is in respect of only one class of shares.

(c) No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

Article 62 provides that every such instrument of transfer shall be executed, both by or on behalf of both the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the register of members in respect thereof.

Article 64 provides that subject to the provisions of these Articles of Association and other applicable provisions of the Companies Act, 2013 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 days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company. Provided that the registration of transfer of any securities shall not be refused on the ground of the transferor being alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except where the Company has a lien on shares. Transfer of shares/debentures in whatever lot shall not be refused.

Article 66 provides that the executors or administrators or the holders of a succession certificate issued in respect of the shares of a deceased member and not being one of several joint holders shall be the only person whom the Company shall recognize as having any title to the shares registered in the name of such members and in case of the death of one or more of the joint holders of any registered share, the survivor or survivors shall be entitled to the title or interest in such shares but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person. Provided nevertheless that in case the director, in their absolute discretion think fit, it shall be lawful for the director to dispense with the production of a probate or letters of administration or a succession certificate or such other legal representation upon such terms (if any) (as to indemnify or otherwise) as the director may consider necessary or desirable.

Article 67 provides that no share shall in any circumstances be transferred to any infant, insolvent or a person of unsound mind, except fully paid shares through a legal guardian.

TRANSMISSION OF SHARES

Article 68 provides that subject to the provisions of the Companies Act, 2013 and these Articles of Association, 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 of Association, may with the consent of the board (which it shall not be under any obligation to give), upon producing such evidence as the board thinks sufficient, that he sustains the character in respect of which he proposes to act under this article, or of his title, elect to either be registered himself as holder of the shares or elect to have some person nominated by him and approved by the board, registered as such holder or to make such transfer of the share as the deceased or insolvent member could have made. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. Provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the shares. Further, all limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

Article 69 provides for the rights on transmission. It states that a person becoming entitled to a share by transmission shall, reason of the death or insolvency of the holder shall, subject to the director' 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.

Article 71 provides that the Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register) to the prejudice of persons having or claiming any equitable rights, title or interest in the said shares, notwithstanding that the Company may have had notice of such equitable rights referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the board shall so think fit.

Furthermore, Article 72 provides that 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

Article 73 provides that the Company may issue share warrants subject to, and in accordance with provisions of the Companies Act, 2013. The board may, in its discretion, with respect to any share which is fully paid up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the board may from time to time require having been paid, issue a warrant.

Article 75 provides that where shares are converted into stock:

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose;

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage;

(c) such of the Articles of Association 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.

REDUCTION OF CAPITAL

Article 76 provides that the Company may, by a special resolution as prescribed by the Companies Act, 2013, reduce in any manner and in accordance with the provisions of the Companies Act, 2013

(a) its share capital; and/or

(b) any capital redemption reserve account; and/or

(c) any share premium account

and in particular without prejudice to the generality of the foregoing power may be: (i) extinguishing or reducing the liability on any of its shares in respect of share capital not paid up; (ii) either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is unrepresented by available assets; or (ii) either with or without extinguishing or reducing liability on any of its shares, 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 of Association, by reducing the amount of its share capital and of its shares accordingly.

GENERAL MEETINGS

Article 79 provides that-

(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 Companies Act, 2013.

Article 80 provides that all general meetings other than the annual general meeting shall be called "extraordinary general meeting". Provided that, the board may, whenever it thinks fit, call an extraordinary general meeting.

Article 81 provides that the board shall, on the requisition of members, convene an extraordinary general meeting of the Company in the circumstances and in the manner provided under the Companies Act, 2013.

Article 85 provides that-

a) Subject to the provisions of the Companies Act, 2013, 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 director and auditors, the appointment of director 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.

b) In case of special business as aforesaid, an explanatory statement as required under the applicable provisions of the Companies Act, 2013 shall be annexed to the notice of the meeting.

Article 86 provides that five (5) members or such other number of members as required under the Companies Act, 2013 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.

VOTE OF MEMBERS

Article 95 provides that subject to any rights or restrictions for the time being attached to any class or classes of shares:

(a) On a show of hands every member holding equity shares and present in person shall have one vote.

(b) On a poll, every member holding equity shares therein shall have voting rights in proportion to his share in the paid-up equity Share capital.

(c) A member may exercise his vote at a meeting by electronic means in accordance with the Companies Act, 2013 and shall vote only once.

Article 98 provides that no member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien.

Article 99 provides that 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.

Article 102 provides that 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

Article 103.1 provides that unless otherwise determined by general meeting, the number of directors shall not be less than three (3) and not more than fifteen (15), and at least one (1) director shall be resident of India in the previous year. Provided that the Company may appoint more than fifteen (15) directors after passing a special resolution.

Article 103.2 provides that the composition of the board of the Company shall be as follows: (i) the founder promoter shall be entitled to appoint 1 (One) executive director which shall include the founder promoter or such other person nominated by the founder promoter (the "Founder Promoter director") provided that in the event the founder promoter's employment agreement with the Company in relation to him being the managing director and / or chief executive officer of the Company, is terminated by the Company 'without cause' in accordance with the terms of his employment agreement, his right under this Article 103.2 will fall away from the last date of his employment as managing director and /or chief executive officer of the Company; (ii) for so long as and until Creation and Creation II collectively hold such number of Securities which is equal to or greater than the Minimum Threshold for directorship, they shall collectively be entitled to nominate 1 (One) director (the "Creation director") on the board of the Company; and (iii) for so long as and until Honey Rose holds such number of securities which is equal to or greater than the minimum threshold for directorship, it shall be entitled to nominate 2 (Two) directors (each a "Honey Rose director") on the board of the Company; (iv) such number of independent director as prescribed under applicable law ("Independent director"). The Creation director and Honey Rose director shall hereinafter be referred to individually as "Investor director" and collectively as "Investor director". Provided that the rights of the founder promoter and the investors pursuant to this Article 103.2, shall be subject to approval of the shareholders in the first general meeting convened after the listing of equity shares pursuant to the initial public offer, in accordance with applicable regulatory requirements.

Article 105 provides that subject to the provisions of the Companies Act, 2013, 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 of Association.

Article 106 provides for alternate directors. It states that:

(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.

Article 107 provides that 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.

Article 108 provides for remuneration of directors. It states that:

(a) A director (other than a managing director or whole-time director) may receive a sitting fee not exceeding such sum as may be prescribed by the Companies Act, 2013 or the Central Government from time to time for each meeting of the board of directors or any committee thereof attended by him. The remuneration of director including managing director and/or whole-time director may be paid in accordance with the applicable provisions of the Companies Act, 2013.

(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 director/ whole-time director shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

Article 109 provides that if any director, being willing, shall be called upon to perform extra services or to make any special exertions (which expression shall include work done by director as a member of any committee formed by the director) 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 Companies Act, 2013, 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.

ROTATION AND RETIREMENT OF DIRECTOR

Article 112 provides that at the annual general meeting of the Company to be held in every year, one third of such of the director as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the managing director appointed, or the director appointed as a debenture director under Articles of Association, hereto shall not retire by rotation under this article nor shall they be included in calculating the total number of director of whom one third shall retire from office under this article.

Article 116 provides that the Company in general meeting may, when appointing a person as a director declare that his continued presence on the board of directors is of advantage to the Company and that his office as director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency set out in the said resolution.

PROCEEDINGS OF BOARD OF DIRECTORS

Article 118 provides for the meeting of the board. It states that:

(a) The board of directors shall meet at least once in every three (3) months with a maximum gap of four (4) months between two (2) meetings of the board for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in accordance with the Companies Act, 2013, provided that at least four (4) such meetings shall be held in every year. Place of meetings of the board shall be at a location determined by the board at its previous meeting, or if no such determination is made, then as determined by the chairman of the board.

(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, 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 director 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 director 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 director 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.

Article 120 provides that subject to the provisions of the Companies Act, 2013, 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 director whichever is higher and the participation of the director 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 director is equal to or exceeds two-thirds of total strength, the number of remaining director, that is to say the number of director 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 director actually holding office as director on the date of the resolution or meeting, that is to say, the total strength of board after deducting there from the number of director, 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 Companies Act, 2013 be counted for the purpose of forming a quorum at meeting of the board, at the time of the discussion or vote on the concerned matter or resolution.

Article 122 provides for election of chairman of the board. It states that:

(a) The board may elect a chairman of its meeting and determine the period for which he is to hold office.

(b) If no such chairman is elected or at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting the director present may choose one among themselves to be the chairman of the meeting.

Article 123 provides for powers of directors. It states that:

(a) The board may exercise all such powers of the Company and do all such acts and things as are not, by the Companies Act, 2013 or any other applicable law, or by the Memorandum of Association or by the Articles of Association required to be exercised by the Company in a general meeting, subject nevertheless to these articles, to the provisions of the Companies Act, 2013 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.

Article 124(c) provides that board shall from time to time form committees of the board and the board shall determine the composition of such committees based on the statutory requirements and the skill sets of the investor directors seeking representation of the committees. Creation I and Creation II shall collectively have a right to appoint its investor director to a maximum of 2 (Two) committees of the board at any given point of time, subject to Article 103.2. Honey Rose shall have a right to appoint its investor director on all committees of the board at any given point of time, subject to Article 103.2. Provided that the rights of the investors pursuant to this article 124(c), shall be subject to approval of the shareholders in the first general meeting convened after the listing of equity shares pursuant to the initial public offer, in accordance with applicable regulatory requirements.

Article 127 provides that 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 director 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.

Article 128 provides that save as otherwise expressly provided in the Companies Act, 2013, a resolution in writing circulated in draft together with the necessary papers, if any, to all the director or to all the members of the committee then in India, not being less in number than the quorum fixed of the meeting of the board or the committee, as the case may be and to all other director or members at their usual address in India and approved by such of the director as are then in India or by a majority of such of them as are entitled to vote at the resolution 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.

NOMINEE DIRECTORS

Article 131 provides that:

(a) Subject to the provisions of the Companies Act, 2013, 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 director whole-time or non whole-time (which director or director/s is/are hereinafter referred to as "**Nominee director/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 director of the Company are entitled, but if any other fees commission, monies or remuneration in any form is payable to the director 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.

MANAGING DIRECTOR(S) AND/OR WHOLE TIME DIRECTORS

Article 133 provides that:

(a) The board may from time to time and with such sanction of the Central Government as may be required by the Companies Act, 2013, appoint one or more of the director 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 director 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.

(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.

(e) The managing director and/or whole time director shall not be liable to retirement by rotation as long as he holds office as managing director or whole-time director.

Article 134 provides that the managing director/whole time director shall subject to the supervision, control and direction of the board and subject to the provisions of the Companies Act, 2013, 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 director/ whole time director may exercise all the powers entrusted to them by the board of directors in accordance with the board's direction. An illustrative list of powers which may be exercised by the managing director on behalf of the Company is provided in Schedule 1 of these Articles.

CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Article 136 provides that 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 Companies Act, 2013 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.

DIVIDEND

Article 139 provides that the Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the board.

Article 140 provides that subject to the provisions of the Companies Act, 2013, the board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit and as appear to it to be justified by the profits of the company.

Article 141 provides that-

(a) Where capital is paid in advance of calls, such capital, whilst carrying interest, shall not confer a right to dividend or to participate in the profits.

(b) Where the Company has declared a dividend but which has not been paid or claimed within thirty (30) days from the date of declaration, the Company shall within seven (7) days from the date of expiry of the said period of thirty (30) days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty (30) days, to a special account to be opened by the Company in that behalf in any scheduled bank to be called "Unpaid Dividend Account of Fusion Microfinance Limited".

(c) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company to the fund known as Investor Education and Protection Fund established under the Companies Act, 2013.

(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 Companies Act, 2013 will be complied with in relation to the unpaid or unclaimed dividend.

Article 143 provides that 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.

Article 144 provides that-

(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.

Article 147 provides that 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

Article 148 provides that 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.

Article 149 provides that no dividends shall bear interest against the Company.

CAPITALISATION OF PROFITS

Article 151 provides that:

(a) The Company in general meeting, may, on recommendation of the board resolve:

(i) that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and

(ii) that such sum be accordingly set free for distribution in the manner specified in the sub-clause (b) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.

(b) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in sub-clause (c) below, either in or towards:

(i) paying up any amounts for the time being unpaid on shares held by such members respectively;

(ii) paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or

(iii) partly in the way specified in sub-clause (i) and partly that specified in sub -clause (ii).

(iv) A securities premium account and a capital redemption reserve account or any other permissible reserve account may be applied as permitted under the Companies Act, 2013 in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

(v) The board shall give effect to the resolution passed by the Company in pursuance of these articles.

POWER OF DIRECTORS FOR DECLARATION OF BONUS ISSUE

Article 152 provides that:

(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 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.

WINDING UP

Article 162 provides that subject to the applicable provisions of the Companies Act, 2013–

(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 Companies Act, 2013, 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 Companies Act, 2013, 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 Companies Act, 2013.

INDEMNITY

Article 164 provides that subject to the provisions of the Companies Act, 2013, every director and officer of the Company shall be indemnified by the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the tribunal. 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, willful misconduct or bad faith acts or omissions of such director.

Article 165 provides that the Company may take and maintain any insurance as the board may think fit on behalf of its present and/or former director and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.

Part B

Part B of the Articles of Association of the Company provides for the rights and obligations of the SHA Parties, as amended by the Second Amendment Agreement. The two parts of the Articles of Association, namely, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other until the receipt of final listing and trading approval pursuant to an initial public offer of equity shares of the Company. In case of inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall, subject to applicable law, prevail and be applicable.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies for filing and also the documents for inspection referred to hereunder, may be inspected at our Registered Office from 10.00 am to 4.00 pm on Working Days and on the website of our Company at www.fusionmicrofinance.com from the date of this Red Herring Prospectus until the Bid/ Offer Closing Date, except for such contracts and documents that will be executed subsequent to the completion of the Bid/Offer Closing Date. Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

Material Contracts to the Offer

1. Offer Agreement among our Company, the Selling Shareholders and the BRLMs dated August 8, 2021, as amended by the amendment agreement dated October 14, 2022.

2. Registrar Agreement among our Company, the Selling Shareholders and Registrar to the Offer dated August 1, 2021.

3. Cash Escrow and Sponsor Bank Agreement dated October 25, 2022, among our Company, the Selling Shareholders, the BRLMs, the Escrow Collection Bank(s), Public Offer Account Bank(s), Refund Bank(s), the Sponsor Bank and the Registrar to the Offer.

4. Share Escrow Agreement dated October 25, 2022, between the Company, the Selling Shareholders and the Share Escrow Agent.

5. Syndicate Agreement dated October 25, 2022, among our Company, the Selling Shareholders, the BRLMs and the Syndicate Members.

6. Monitoring agency agreement dated October 25, 2022, among our Company and the Monitoring Agency.

7. Underwriting Agreement dated [●] among our Company, the Selling Shareholders and the Underwriters.

Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended from time to time.

2. Our certificates of incorporation dated September 5, 1994, April 19, 2010 and July 20, 2021 consequent to change of our name.

3. Resolutions of the Board of Directors each dated July 25, 2021 authorising the Offer and noting the Fresh Issue.

4. Resolution of the Shareholders dated July 27, 2021 under section 62(1)(c) of the Companies Act, 2013 authorising the Offer.

5. Resolution of our Board dated August 1, 2021 taking on record the Offer for Sale.

6. Resolution of the Board of Directors dated October 25, 2022, approving this Red Herring Prospectus.

7. Resolution of the board of directors of Honey Rose Investment Ltd dated July 28, 2021 authorising the Offer for Sale and their consent letter dated July 28, 2021 and October 14, 2022, in this regard.

8. Resolution of the board of directors of Creation Investments Fusion, LLC dated July 28, 2021 authorising

the Offer for Sale and their consent letter dated July 28, 2021, and October 14, 2022 in this regard.

9. Resolution of the board of directors of Oikocredit Ecumenical Development Cooperative Society U.A. dated June 14, 2021 authorising the Offer for Sale and their consent letter dated July 30, 2021 in this regard.

10. Resolution of the board of directors of Global Impact Funds, S.C.A., SICAR dated July 15, 2021 authorising the Offer for Sale and their consent letter dated July 28, 2021 and October 14, 2022 in this regard.

11. Consent dated July 31, 2021, and October 14, 2022 by Devesh Sachdev authorising the Offer for Sale.

12. Consent dated July 31, 2021 and October 14, 2022 by Mini Sachdev authorising the Offer for Sale.

13. Shareholders' agreement dated September 10, 2018, entered into amongst Devesh Sachdev, Honey Rose Investment Ltd, Creation Investments Fusion LLC, Creation Investments Fusion II, LLC, Global Impact Funds, S.C.A., SICAR, Oikocredit Ecumenical Development Cooperative Society U.A., Mini Sachdev, Fusion Employee Benefit Trust, Gaurav Sirohi, Sandeep Kumar Sharma, Rahul Jain, Ramesh Chaubey, Atul Sharma, Gajendra Pratap Singh and our Company (together, the "SHA Parties"), as amended by amendment agreements dated December 17, 2019, July 31, 2021 and October 14, 2022 each entered into amongst the SHA Parties.

14. Agreement dated June 4, 2016 among NSDL, our Company and the Registrar to the Offer.

15. Agreement dated July 8, 2016 among CDSL, our Company and the Registrar to the Offer.

16. Copies of auditor's reports of our Company in respect of our audited financial statements for Fiscal Years 2022, 2021, 2020 and three months period ended June 30, 2022 and June 30, 2021

17. Copies of annual reports of our Company for Fiscal Years 2022, 2021, and 2020.

18. Examination report of our Statutory Auditor dated October 3, 2022, on the Restated Financial Statements included in this Red Herring Prospectus.

19. Report on Statement of Special Tax Benefits from our Statutory Auditor, dated October 14, 2022.

20. Industry report titled Industry Report on Microfinance (October 2022), prepared by CRISIL.

21. Written consent dated October 25, 2022, from M/s. Deloitte Haskins & Sells, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this RHP, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditor, and in respect of their (i) examination report, dated October 3, 2022 on our Restated Financial Statements; and (ii) their report dated October 14, 2022 on the Statement of Special Tax Benefits in this RHP and such consent has not been withdrawn as on the date of this RHP. However, the term "expert" and consent thereof shall not be construed to mean an "expert" or consent as defined under the U.S. Securities Act.

22. Consents of the Selling Shareholders, Bankers to our Company, the BRLMs, Syndicate Members, Registrar to the Offer, Escrow Collection Bank(s), Sponsor Bank, Directors of our Company, Company Secretary and Compliance Officer for the Offer, Chief Financial Officer, Public Offer Account Bank(s), CRISIL, legal counsel, Refund Bank(s) as referred to, in their respective capacities.

23. In-principle listing approvals dated September 3, 2021, and September 7, 2021 received from NSE and the BSE, respectively.

24. Due diligence certificate dated August 8, 2021 to SEBI from the BRLMs.

25. SEBI observation letter August 30, 2021, and our in-seriatim reply to the same dated September 6, 2021.

26. SEBI final observation letter dated November 16, 2021, 2021, and our reply to the same dated October

15, 2022.

27. Comments from RBI inspection report

28. Application dated October 17, 2022, by our Company seeking exemption under Regulation 300(1)(c) of the SEBI ICDR Regulations and SEBI letter no. SEBI/HO/CFD/RAC-DIL2/P/OW/2022/53434/1 dated October 19, 2022, granting the exemption.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time, if so required in the interest of our Company, or if required by other parties, without notification to the shareholders, subject to compliance with the provisions contained in the Companies Act, 2013 and other relevant statutes.

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, as the case may be. I further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

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Devesh Sachdev
Managing Director and Chief Executive Officer

Place: Gurugram

Date: October 25, 2022

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, as the case may be. I further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

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Ratna Dharashree Vishwanathan
Independent Director

Place: Gurugram

Date: October 25, 2022

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, as the case may be. I further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

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Namrata Kaul
Independent Director

Place: Gurugram

Date: October 25, 2022

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, as the case may be. I further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Narendra Ostawal
Nominee Director

Place: Mumbai

Date: October 25, 2022

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, as the case may be. I further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

Kenneth Dan Vander Weele
Nominee Director

Place: Chicago, Illinois USA

Date: October 25, 2022

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, as the case may be. I further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY DIRECTOR OF OUR COMPANY

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Pankaj Vaish
Independent Director

Place: Bengaluru

Date: October 25, 2022

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, as the case may be. I further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY CHIEF FINANCIAL OFFICER OF OUR COMPANY

Gaurav Maheshwari

Place: Gurugram

Date: October 25, 2022

DECLARATION BY DEVESH SACHDEV, AS THE SELLING SHAREHOLDER

I, Devesh Sachdev, confirm that all statements and undertakings made or confirmed by me in this Red Herring Prospectus specifically in relation to myself, as the Selling Shareholder, and the Equity Shares which are being offered by me by way of the Offer for Sale pursuant to the Offer, are true and correct. I, Devesh Sachdev, assume no responsibility for any other statement, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

Devesh Sachdev

Place: Gurugram

Date: October 25, 2022

DECLARATION BY MINI SACHDEV, AS THE SELLING SHAREHOLDER

I, Mini Sachdev, confirm that all statements and undertakings made or confirmed by me in this Red Herring Prospectus specifically in relation to myself, as the Selling Shareholder, and the Equity Shares which are being offered by me by way of the Offer for Sale pursuant to the Offer, are true and correct. I, Mini Sachdev, assume no responsibility for any other statement, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

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Mini Sachdev

Place: Gurugram

Date: October 25, 2022

DECLARATION BY HONEY ROSE INVESTMENT LTD, AS THE SELLING SHAREHOLDER

Honey Rose Investment Ltd confirms that all statements and undertakings made or confirmed by it in this Red Herring Prospectus specifically in relation to itself, as the Selling Shareholder, and the Equity Shares which are being offered by it by way of the Offer for Sale pursuant to the Offer, are true and correct. Honey Rose Investment Ltd assumes no responsibility for any other statement, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF HONEY ROSE INVESTMENT LTD

Name: Sharmila Baichoo

Designation: Director

Date: October 25, 2022

Place: Mauritius

DECLARATION BY CREATION INVESTMENTS FUSION, LLC, AS THE SELLING SHAREHOLDER

Creation Investments Fusion, LLC confirms that all statements and undertakings made or confirmed by it in this Red Herring Prospectus specifically in relation to itself, as the Selling Shareholder, and the Equity Shares which are being offered by it by way of the Offer for Sale pursuant to the Offer, are true and correct. Creation Investments Fusion, LLC assumes no responsibility for any other statement, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF CREATION INVESTMENTS FUSION, LLC

Name: Kenneth Dan Vander Weele

Designation: Director

Date: October 25, 2022

Place: Chicago, Illinois USA

DECLARATION BY OIKOCREDIT ECUMENICAL DEVELOPMENT COOPERATIVE SOCIETY U.A., AS THE SELLING SHAREHOLDER

Oikocredit Ecumenical Development Cooperative Society U.A. confirms that all statements and undertakings made or confirmed by it in this Red Herring Prospectus specifically in relation to itself, as the Selling Shareholder, and the Equity Shares which are being offered by it by way of the Offer for Sale pursuant to the Offer, are true and correct. Oikocredit, Ecumenical Development Cooperative Society U.A. assumes no responsibility for any other statement, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF OIKOCREDIT ECUMENICAL DEVELOPMENT COOPERATIVE SOCIETY U.A.

Name: Anirudh Jagdish Sarda	**Name:** Thomas Franklin Keleher
Designation: Equity Manager (Asia)	**Designation:** Equity Director
Date: October 25, 2022	**Date:** October 25, 2022
Place: Hyderabad, India	**Place:** Harpswell, ME, USA

DECLARATION BY GLOBAL IMPACT FUNDS, S.C.A., SICAR AS THE SELLING SHAREHOLDER

Global Impact Funds, S.C.A, SICAR, confirms that all statements and undertakings made or confirmed by it in this Red Herring Prospectus specifically in relation to itself, as the Selling Shareholder, and the Equity Shares which are being offered by it by way of the Offer for Sale pursuant to the Offer, are true and correct. Global Impact Funds, S.C.A, SICAR assumes no responsibility for any other statement, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other Selling Shareholder or any other person(s) in this Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF GLOBAL IMPACT FUNDS S.C.A., SICAR

Name: Agustin Vitorica	**Name:** Luca Torre
Designation: Manager	**Designation:** Manager
Date: October 25, 2022	**Date:** October 25, 2022
Place: Madrid	**Place:** Madrid