PROSPECTUS
Dated: August 8, 2019
Please read Section 32 of the Companies Act, 2013
100% Book Built Offer

SPANDANA

SPANDANA SPHOORTY FINANCIAL LIMITED

Our Company was incorporated as Spandana Sphoorty Innovative Financial Services Limited ("**SSIFSL**") on March 10, 2003 at Hyderabad, Andhra Pradesh, India as a public limited company under the Companies Act, 1956. A certificate of commencement of business was issued to SSIFSL on November 11, 2003 by the Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad ("**RoC**"). On October 16, 2004, the Reserve Bank of India ("**RBI**") granted a certificate of registration bearing registration no. N-09.00414 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, pursuant to a special resolution dated November 26, 2007 passed by our shareholders, the name of our Company was changed to Spandana Sphoorty Financial Limited. Pursuant to a letter dated December 26, 2007, the RBI granted its no objection to the change of name of our Company to Spandana Sphoorty Financial Limited and a fresh certificate of incorporation consequent to change of name was issued by the RoC to our Company on January 3, 2008. Further, a fresh certificate of registration bearing registration no. N-09.00414 pursuant to the change of name was issued by the RBI on January 11, 2008. Our Company was granted NBFC – Microfinance Institution ("**NBFC-MFI**") status by the RBI with effect from April 13, 2015 and a modified certificate of registration bearing registration no. N-09.00414 was issued by the RBI to this effect. For further details of the changes in the name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 154 and for further details of the registrations in relation to the business of our Company, see "*Government and Other Approvals*" on page 411.

Registered and Corporate Office: Plot No: 31 & 32, Ramky Selenium Towers, Tower A, Ground Floor, Financial District, Nanakramguda, Hyderabad 500 032, Telangana, India
Tel: +91 40 4812 6666; **Fax**: +91 40 4438 6640
Contact Person: Rakesh Jhinjharia (Company Secretary and Compliance Officer); **E-mail**: secretarial@spandanaindia.com; **Website**: www.spandanaindia.com
Corporate Identity Number: U65929TG2003PLC040648

OUR PROMOTERS: PADMAJA GANGIREDDY AND KANGCHENJUNGA LIMITED

INITIAL PUBLIC OFFER OF 14,029,622 EQUITY SHARES* OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹856 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹846 PER EQUITY SHARE) AGGREGATING TO ₹12,009.36 MILLION* ("OFFER"), COMPRISING A FRESH ISSUE OF 4,672,897 EQUITY SHARES* AGGREGATING TO ₹4,000.00 MILLION* ("FRESH ISSUE") AND AN OFFER FOR SALE OF 9,356,725 EQUITY SHARES, COMPRISING OF AN OFFER FOR SALE OF 5,967,097 EQUITY SHARES AGGREGATING TO ₹5,107.84 MILLION BY KANGCHENJUNGA LIMITED ("CORPORATE PROMOTER SELLING SHAREHOLDER"), 1,423,114 EQUITY SHARES AGGREGATING TO ₹1,218.19 MILLION BY PADMAJA GANGIREDDY ("INDIVIDUAL PROMOTER SELLING SHAREHOLDER"), 796,509 EQUITY SHARES AGGREGATING TO ₹681.81 MILLION BY VIJAYA SIVA RAMI REDDY VENDIDANDI ("VSRRV"), 783,747 EQUITY SHARES AGGREGATING TO ₹670.89 MILLION BY VALIANT MAURITIUS PARTNERS FDI LIMITED ("VALIANT"), 132,831 EQUITY SHARES AGGREGATING TO ₹113.70 MILLION BY HELION VENTURE PARTNERS II, LLC ("HELION II"), 129,732 EQUITY SHARES AGGREGATING TO ₹111.05 MILLION BY KEDAARA CAPITAL ALTERNATIVE INVESTMENT FUND – KEDAARA CAPITAL AIF 1 ("KEDAARA AIF 1") AND 123,695 EQUITY SHARES AGGREGATING TO ₹105.88 MILLION BY HELION VENTURE PARTNERS, LLC ("HELION") (TOGETHER, "INVESTOR SELLING SHAREHOLDERS" AND, TOGETHER WITH THE CORPORATE PROMOTER SELLING SHAREHOLDER, THE INDIVIDUAL PROMOTER SELLING SHAREHOLDER, KEDAARA AIF 1, VSRRV, HELION II, HELION AND VALIANT, "SELLING SHAREHOLDERS" AND SUCH OFFERED SHARES, "OFFERED SHARES") AGGREGATING TO ₹8,009.36 MILLION* ("OFFER FOR SALE").
THE FACE VALUE OF THE EQUITY SHARES IS ₹10 EACH. THE OFFER PRICE IS ₹85.6 TIMES THE FACE VALUE OF THE EQUITY SHARES.
****Subject to finalisation of Basis of Allotment***

The Offer was made in terms of Rule 19(2)(b)(iii) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"). The Offer was made through the Book Building Process, in compliance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("**2009 SEBI ICDR Regulations**"), wherein not more than 50% of the Offer was allocated on a proportionate basis to QIBs ("**QIB Portion**"), provided that our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("**Anchor Investor Portion**"), at the Anchor Investor Allocation Price. At least one-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above Anchor Investor Allocation Price. 5% of the Net QIB Portion was made available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion Was made available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds was less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion was allowed to be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer was made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer was made available for allocation to Retail Individual Bidders in accordance with the 2009 SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All Bidders, other than Anchor Investors, mandatorily participated in this Offer through the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective bank accounts and UPI ID, in case of RIBs, if applicable, which were blocked by the Self-Certified Syndicate Banks ("**SCSBs**"). Anchor Investors were not permitted to participate in the Offer through ASBA Process. For details, see "*Offer Procedure*" on page 441.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public offer of our Company, there has been no formal market for the Equity Shares. The face value of each Equity Share is ₹10 and the Offer Price is ₹856 per Equity Share and is 85.6 times the face value of the Equity Shares. The Offer Price (determined and justified by our Company and the Selling Shareholders, in consultation with the the GCBRLMs and the BRLMs, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "*Basis for Offer Price*" on page 95 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 18.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Each Selling Shareholder, severally and not jointly, accepts responsibility for only such statements and undertakings specifically confirmed or undertaken by such Selling Shareholder in Prospectus in relation to itself and/or its portion of its Offered Shares and confirms that such statements are true and correct in all material aspects and are not misleading in any material respect. However, each Selling Shareholder does not assume any responsibility for any other statements, including without limitation, any and all of the statements made by or in relation to our Company, the other Selling Shareholder, or any other person(s) in this Prospectus.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received an 'in-principle' approval from BSE and NSE for the listing of the Equity Shares pursuant to letters dated July 16, 2018 and July 24, 2018, respectively. For the purposes of this Offer, the Designated Stock Exchange shall be the NSE. A signed copy of the Red Herring Prospectus has been, and a signed copy of this Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents made available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 583.

GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS				BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
AXIS CAPITAL	ICICI Securities	IIFL SECURITIES	JM FINANCIAL	IndusInd Bank	YES SECURITIES	KARVY FINTECH
Axis Capital Limited 8th Floor, Axis House C 2 Wadia International Centre P. B. Marg, Worli Mumbai 400 025 Maharashtra, India Tel : +91 22 4325 2183 Fax : +91 22 4325 3000 E-mail: ssfl.ipo@axiscap.in Investor grievance E-mail: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Simran Gadh SEBI Registration No.: INM000012029	**ICICI Securities Limited** ICICI Centre, H. T. Parekh Marg Churchgate Mumbai 400 020 Maharashtra, India Tel: +91 22 2288 2460 Fax: +91 22 2282 6580 E-mail: spandana.ipo@icicisecurities.com Investor grievance E-mail: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Shekher Asnani/ Rupesh Khant SEBI Registration No.: INM000011179	**IIFL Securities Limited*** 10th Floor, IIFL Centre, Kamala City, Senapati Bapat Marg. Lower Parel (West), Mumbai 400 013, Maharashtra, India Tel: +91 22 4646 4600 Fax: +91 22 2493 1073 E-mail: spandanaipo@iiflcap.com Investor grievance E-mail: ig.ib@iiflcap.com Website: www.iiflcap.com Contact Person: Vishal Bangard/ Anant Gupta SEBI Registration No.: INM000010940	**JM Financial Limited** 7th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Maharashtra, India Tel: +91 22 6630 3030 Fax: +91 22 6630 3330 E-mail: ssfl.ipo@jmfl.com Investor grievance E-mail: grievance.ibd@jmfl.com Website: www.jmfl.com Contact Person: Prachee Dhuri SEBI Registration No.: INM000010361	**IndusInd Bank Limited** 11th Floor, One Indiabulls Centre Tower 1, 841 Senapati Bapat Marg Elphinstone Road Mumbai 400 013 Maharashtra, India Tel: +91 22 7143 2208 Fax: +91 22 7143 2270 E-mail: joshi.rahul@indusind.com Investor grievance E-mail: investmentbanking@indusind.com Website: www.indusind.com Contact Person: Rahul Joshi SEBI Registration No.: INM000005031	**YES Securities (India) Limited** IFC, Tower 1 & 2, Unit No. 602 A, 6th Floor, Senapati Bapat Marg Elphinstone (West) Mumbai 400 013 Maharashtra, India Tel: +91 22 3012 6776 Fax: +91 22 2421 4508 E-mail: spandana.ipo@ysil.in Investor Grievance E-mail: igc@ysil.in Website: www.yesinvest.in Contact Person: Nikhil Bhiwapurkar SEBI Registration No.: INM000012227	**Karvy Fintech Private Limited** (formerly known as, KCPL Advisory Services Private Limited) Karvy Selenium Tower B Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad 500 032 Telangana, India Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 E-mail: einward.ris@karvy.com Investor grievance E-mail: spandana.ipo@karvy.com Website: www.karisma.karvy.com Contact Person: M. Murali Krishna SEBI Registration No.: INR000000221

BID/ OFFER PROGRAMME

BID/ OFFER OPENED ON	Monday, August 5, 2019[(1)]	**BID/ OFFER CLOSED ON**	Wednesday, August 7, 2019

[(1)] *The Anchor Investor Bidding Date was on August 2, 2019, being one Working Day prior to the Bid/ Offer Opening Date*
**Pursuant to the transfer of merchant banker registration from IIFL Holdings Limited, with continuance of registration number*

TABLE OF CONTENTS

SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act or regulation, rules, guidelines and policies as amended from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document, the definitions given below shall prevail.

The words and expressions used but not defined herein shall have the meaning as is assigned to such terms under the Companies Act, 2013 the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder, unless the context otherwise indicates or implies.

General Terms

Term	Description
"our Company", "the Company", or "the Issuer"	Spandana Sphoorty Financial Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at Plot No: 31 & 32, Ramky Selenium Towers, Tower A, Ground Floor, Financial District, Nanakramguda, Hyderabad 500 032, Telangana, India
"we", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company and its Subsidiaries

Company and Selling Shareholders Related Terms

Term	Description
Abhiram Marketing	Abhiram Marketing Services Limited
Articles of Association/ AoA	Articles of Association of our Company, as amended
Amendment Agreements	Collectively, the First Amendment Agreement, the Second Amendment Agreement and the Third Amendment Agreement
Audit Committee	The audit committee of our Board as described in "*Our Management*" on page 164
Board/Board of Directors	Board of directors of our Company, including a duly constituted committee thereof
Caspian Financial	Caspian Financial Services Limited
CCPS	Compulsorily convertible preference shares of our Company of face value of ₹10 each
Class A CCPS	Class A 0.001% CCPS of our Company having a face value of ₹10 each
Class A1 CCPS	Class A1 0.001% CCPS of our Company having a face value of ₹10 each
Class B CCPS	Class B 0.001% CCPS of our Company having a face value of ₹10 each
Corporate Promoter or Corporate Promoter Selling Shareholder or Kangchenjunga	Kangchenjunga Limited
Criss Financial	Criss Financial Holdings Limited
CSR Committee	The corporate social responsibility committee of our Board as described in "*Our Management*" on page 164
DTDs	Debenture trust deeds entered into by our Company
Director(s)	Director(s) of our Company
Eligible Employee(s)	A permanent employee of our Company, and a Director who qualifies for issue of options under the Spandana ESOP Plan 2018 and who fulfill the conditions as decided by the Nomination and Remuneration Committee
Equity Shares	Equity Shares of our Company of face value of ₹10 each
FY18 Series A OCRPS	FY18 Series A 0.001% OCRPS of our Company having a face value of ₹10 each
FY18 Series B OCRPS	FY18 Series B 0.001% OCRPS of our Company having a face value of ₹10 each
FY19 Series A OCRPS	FY19 Series A 0.001% OCRPS of our Company having a face value of ₹10 each
FY19 Series B OCRPS	FY19 Series B 0.001% OCRPS of our Company having a face value of ₹10 each
Gross AUM	Gross AUM represents the total loan portfolio outstanding (gross i.e. without netting-off the related provisioning) held by us as well as the outstanding of loan portfolio which have been assigned by us as at the end of the relevant year, excluding loan portfolio originating from the states of Andhra Pradesh and Telangana

Term	Description
	that were disbursed prior to January 1, 2012. Gross AUM is a Non-GAAP Financial Measure (see "*Certain Conventions, Presentation Of Financial, Industry And Market Data And Currency Of Presentation – Non-GAAP Financial Measures*" on page 14. For a reconciliation of Gross AUM, see "*Selected Statistical Information*" on page 193
Gross AUM (including the old AP Portfolio)	Gross AUM (including the old AP Portfolio) represents the total loan portfolio outstanding (gross i.e. without netting-off the related impairment loss allowance) held by us as well as the outstanding of loan portfolio which have been assigned by us as at the end of the relevant year, including loan portfolio originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012. Gross AUM (including the old AP Portfolio) is a Non-GAAP Financial Measure (see "*Certain Conventions, Presentation Of Financial, Industry And Market Data And Currency Of Presentation – Non-GAAP Financial Measures*" on page 14. For a reconciliation of Gross AUM (including the old AP Portfolio), see "*Selected Statistical Information*" on page 193
Group Company	The group company of our Company, as covered under the applicable accounting standards and other companies as considered material by our Board, if any, in accordance with the materiality policy dated June 14, 2018 and amended on June 28, 2019. For details, see "*Our Group Company*" on page 188
Helion	Helion Venture Partners, LLC
Helion II	Helion Venture Partners II, LLC
Independent Directors	Independent directors on our Board, and eligible to be appointed as independent directors under the provisions of the Companies Act and the SEBI Listing Regulations. For details of the Independent Directors, see "*Our Management"* on page 164
Individual Promoter/ Individual Promoter Selling Shareholder	The individual promoter of our Company, Padmaja Gangireddy
IPO Committee	IPO committee of our Board constituted as described in "*Our Management*" on page 164
JM Financials	JM Financial Investment Managers Limited
JM Financial Products	JM Financial Products Limited
Kedaara AIF 1	Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1
Kedaara Capital	Kedaara Capital I Limited
Key Management Personnel	Key management personnel of our Company in terms of Regulation 2(1)(s) of the 2009 SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 and as disclosed in "*Our Management*" on page 164
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board as described in "*Our Management*" on page 164
MD/ Executive Director/ Managing Director	The managing director of our Company, Padmaja Gangireddy
Memorandum of Association/ MoA	Memorandum of association of our Company, as amended
Nominee Director	Directors appointed on our Board by identified Shareholders in accordance with the AoA
OCCRPS	Optionally convertible cumulative redeemable preference shares of our Company having a face value of ₹10 each
OCRPS	Optionally convertible redeemable preference shares of our Company having a face value of ₹10 each
Preference Shares	Preference shares of our Company of face value ₹10 each
Promoters	The promoters of our Company namely, Padmaja Gangireddy and Kangchenjunga
Promoter OCRPS	FY18 Series A OCRPS, FY18 Series B OCRPS, FY19 Series A OCRPS, FY19 Series B OCRPS and Series C OCRPS
Promoter Group	The entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the 2009 SEBI ICDR Regulations. For details, see "*Our Promoters and Promoter Group*" on page 184
Registered Office	Registered and corporate office of our Company located at Plot No: 31 & 32, Ramky Selenium Towers, Tower A, Ground Floor, Financial District, Nanakramguda, Hyderabad 500 032, Telangana, India
Registrar of Companies/ RoC	Registrar of Companies, Andhra Pradesh and Telangana situated at Hyderabad

Term	Description
Restated Consolidated Financial Statements	The restated consolidated summary statements of assets and liabilities as at March 31, 2019 and March 31, 2018, the restated consolidated statements of profits and losses, cash flows and changes in equity for the years ended March 31, 2019 and March 31, 2018 of the Company and Subsidiaries (collectively, the "**Group**"), prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, read with the Indian Accounting Standards Rules and restated in accordance with the SEBI ICDR Regulations, as amended (the "**Restated Ind AS Consolidated Summary Statements**")
Restated Financial Statements	Collectively, the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements
Restated Standalone Financial Statements	The restated standalone summary statements of assets and liabilities as at March 31, 2019, March 2018 and March 31, 2017 (proforma), the restated standalone summary statements of profits and losses, cash flows and changes in equity for the years ended March 31, 2019, March 31, 2018 and March 31, 2017 (proforma) of our Company, prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, read with the Indian Accounting Standards Rules and restated in accordance with the SEBI ICDR Regulations, as amended (the "**Restated Ind AS Standalone Summary Statements**") (The restated financial statements for the years ended March 31, 2019, 2018 have been prepared under Ind AS and restated in accordance with SEBI ICDR and the restated financial statements for the year ended March 31, 2017 have been prepared on a proforma basis using Ind AS principles, read with SEBI circular no. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 and the Guidance Note on Reports in Company Prospectuses, 2016, issued by the ICAI); and the restated standalone summary statements of assets and liabilities as at March 31, 2016 and March 31, 2015, the restated standalone summary statements of profits and losses and cash flows for the years ended March 31, 2016, and March 31, 2015, prepared in accordance with the Companies Act and Previous Indian GAAP, and restated in accordance with the SEBI ICDR Regulations, as amended (the "**Restated Indian GAAP Standalone Summary Statements**")
Risk Management Committee	The risk management committee of our Board as described in "*Our Management*" on page 164
Shareholders	Equity shareholders of our Company from time to time
Series C OCRPS	Series C 0.001% OCRPS of our Company having a face value of ₹10 each
Shareholders' Agreement	Shareholders' agreement dated March 29, 2017, entered into amongst Kangchenjunga, Kedaara AIF 1, Padmaja Gangireddy, Vijaya Siva Rami Reddy Vendidandi, Bala Deepti Gangireddy, Spandana Employees Welfare Trust, JM Financial Trustee Company Private Limited, Lok Advisory Services Private Limited, Valiant Mauritius Partners FDI Limited, Helion Venture Partners II, LLC, Helion Venture Partners, LLC and our Company, as amended by the Amendment Agreements
SIDBI	Small Industries Development Bank of India
Spandana ESOP Plan 2018	Employee Stock Option Plan 2018 of our Company
Spandana ESOP Scheme 2018	Employee Stock Option Scheme 2018 of our Company
SRUDO	Spandana Rural and Urban Development Organisation
Stage I, II and III PAR 0+ (excluding the old AP Portfolio and standard Portfolio)	Stage I, II and III PAR 0+(excluding the old AP Portfolio and standard Portfolio) represents the total loan outstanding that are overdue for 1 day or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio) as of the last day of the relevant year (excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012)
Stage I, II and III PAR 0+ Net (excluding the old AP Portfolio and standard Portfolio)	Stage I, II and III PAR 0+ Net (excluding the old AP Portfolio and standard Portfolio) represents the total loan outstanding that are overdue for 1 day or more (including any such loan outstanding that forms part of our securitized or assigned loan portfolio), as of the last day of the relevant year i.e. non-performing portfolio loans outstanding (gross) as reduced by the provision for such loans (excluding provision for loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012)
Stage III PAR 90+ (excluding the old AP Portfolio)	Stage III PAR 90+ (excluding the old AP Portfolio) represents total loan outstanding that are overdue for 90 days or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio), as of the last day of the relevant year, excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012
Stage III PAR 90+ (excluding the old AP Portfolio) Ratio	Stage III PAR 90+ (excluding the old AP Portfolio) Ratio represents "Stage III PAR 90+ (excluding the old AP Portfolio)" (as defined above) as a percentage of Gross AUM as at the date mentioned
Stage III PAR 90+ Net (excluding the old AP Portfolio)	Stage III PAR 90+ Net (excluding the old AP Portfolio) represents the total loan outstanding that are overdue for 90 days or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio), as of the last day of the relevant year, excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012, as reduced by the provision for such loans (excluding provision for loans originating from the states of Andhra Pradesh and Telangana that were

Term	Description
	disbursed prior to January 1, 2012)
Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio	Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio represents "Stage III PAR 90+ Net (excluding the old AP Portfolio)" (as defined above) as a percentage of Gross AUM (net of provision for such PAR 90+ loans) as at the date mentioned
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Board as described in "*Our Management*" on page 164
Subsidiaries	Caspian Financial and Criss Financial
Statutory Auditors	Statutory auditors of our Company, namely, S.R. Batliboi & Co. LLP, Chartered Accountants

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary(ies) to a Bidder as proof of registration of the Bid/ Bid cum Application Form
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Allot/ Allotment/ Allotted	Unless the context otherwise requires, allotment of the 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	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Anchor Investor	A Qualified Institutional Buyer, who applied under the Anchor Investor Portion in accordance with the requirements specified in 2018 SEBI ICDR Regulations, the Red Herring Prospectus and this Prospectus
Anchor Investor Allocation Price	The price at which Equity Shares were allocated to Anchor Investors, in terms of the Red Herring Prospectus and this Prospectus, at the end of the Anchor Investor Bidding Date, being ₹856 per Equity Share
Anchor Investor Bidding Date	The day being one Working Day prior to the Bid/ Offer Opening Date i.e. August 2, 2019, on which Bids by Anchor Investors were submitted and allocation to Anchor Investors was completed
Anchor Investor Form	The form used by an Anchor Investor to Bid in the Anchor Investor Portion in accordance with the requirements specified under the SEBI ICDR Regulations and this Prospectus
Anchor Investor Offer Price	₹856 per Equity Share, being the final price at which the Equity Shares were Allotted to Anchor Investors in terms of the Red Herring Prospectus and this Prospectus The Anchor Investor Offer Price was decided by our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLMs
Anchor Investor Portion	Up to 60% of the QIB Portion, consisting of 4,208,886 Equity Shares, which were allocated by our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLMs, to Anchor Investors on a discretionary basis in accordance with the 2009 SEBI ICDR Regulations One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid by authorising an SCSB to block the Bid Amount in the ASBA Account and includes applications made by RIBs using UPI, where the Bid Amount was blocked upon acceptance of UPI Mandate Request by RIBs
ASBA Account	A bank account maintained with an SCSB by an ASBA Bidder and including a bank account of an RIB linked with UPI, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the Bid cum Application Form
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder(s)	Bidders (other than Anchor Investors) in the Offer who submitted their Bid through the ASBA process
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders to make Bids which was considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus
Axis Capital	Axis Capital Limited
Banker(s) to the Offer	Collectively, the Escrow Collection Bank, the Public Offer Account Bank, the Refund Bank and the Sponsor Bank
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "*Offer Procedure*" on page 441

Term	Description
Bid	An indication to make an offer during the Bid/ Offer Period by an ASBA Bidder, or on the Anchor Investor Bidding Date by an Anchor Investor pursuant to submission of the Bid cum Application Form to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the 2018 SEBI ICDR Regulations in accordance with the Red Herring Prospectus and Bid cum Application Form The term "Bidding" shall be construed accordingly
Bidder	Any investor who made a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an ASBA Bidder and Anchor Investor
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and that was payable by the Bidder or blocked in the ASBA Account of the Bidder as the case may be, upon submission of the Bid
Bid cum Application Form	The Anchor Investor Form or the ASBA Form, as the context may require
Bid Lot	17 Equity Shares, in multiples of 17 Equity Shares thereafter
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, August 7, 2019
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, August 5, 2019
Bid/ Offer Period	Except in relation to Anchor Investors, the period between August 5, 2019 and August 7, 2019
Bidding Centres	Centres at which the Designated Intermediaries accepted the ASBA Forms, i.e. Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XIII of the 2018 SEBI ICDR Regulations in terms of which the Offer was made
Book Running Lead Managers or BRLMs	The book running lead managers to the Offer, being IndusInd Bank Limited and YES Securities (India) Limited
Broker Centres	Broker centres of the Registered Brokers where Bidders submitted the Bid cum Application Forms to Registered Brokers The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
CAN/ 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	₹856 per Equity Share
Escrow and Sponsor Bank Agreement	The agreement dated July 24, 2019, amongst our Company, the Selling Shareholders, the Registrar to the Offer, GCBRLMs and the BRLMs, the Syndicate Member, the sponsor bank, the Escrow Collection Bank, the Public Offer Account Bank and the Refund Bank for collection of the Bid Amounts and where applicable, remitting refunds (if any) on the terms and conditions thereof, as amended by an amendment agreement dated August 2, 2019, amongst our Company, the Selling Shareholders, the Registrar to the Offer, GCBRLMs and the BRLMs, the Syndicate Member, the Sponsor Bank, the Escrow Collection Bank, the Public Offer Account Bank and the Refund Bank
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996 and registered with SEBI, who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/ CFD/ POLICYCELL/ 11/ 2015 dated November 10, 2015 and the UPI Circulars issued by SEBI
Cut-Off Price	The Offer Price, that is ₹856 per Equity Share, as finalised by our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLMs Only Retail Individual Bidders were entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders were not entitled to Bid at the Cut-off Price
Demographic Details	The demographic details of the Bidders such as their respective addresses, occupation, PAN, name of the Bidder's father/ husband, investor status, MICR Code, bank account details and UPI ID, wherever applicable
Designated Branches	Such branches of the SCSBs which could collect the Bid cum Application Forms used by the ASBA Bidders, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, updated from time to time, or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where ASBA Bidders submitted their ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are

Term	Description
	available on the websites of the respective Stock Exchanges (https://www.bseindia.com and https://www.nseindia.com), as updated from time to time
Designated Date	The date on which the Escrow Collection Bank transfers funds from the Escrow Accounts, and the relevant amounts are transferred from the ASBA Accounts to the Public Offer Account and/ or are unblocked, as the case may be, in terms of the Red Herring Prospectus and this Prospectus, following which the Board may Allot Equity Shares to the successful Bidders in the Offer
Designated Intermediaries	In relation to ASBA Forms submitted by RIBs by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries were SCSBs In relation to ASBA Forms submitted by RIBs where the Bid Amount was blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries were Syndicate, sub-syndicate/agents, Registered Brokers, CDPs and RTAs In relation to ASBA Forms submitted by QIBs and NIBs, Designated Intermediaries were Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs
Designated RTA Locations	Such centres of the RTAs where Bidders submitted the Bid cum Application Forms. The details of such Designated RTA locations, along with names and contact details of the RTAs are available on the respective websites of the Stock Exchanges (https://www.bseindia.com and https://www.nseindia.com/)
Designated Stock Exchange	NSE
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated June 25, 2018, issued in accordance with the 2009 SEBI ICDR Regulations, which did not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer
Eligible FPIs	FPIs from such jurisdictions outside India where it is not unlawful to make an offer / invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constituted an invitation to subscribe to the Equity Shares
Eligible NRIs	NRIs from such 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 constituted an invitation to purchase the Equity Shares offered there
Escrow Account	Account opened with the Escrow Collection Bank and in whose favour Anchor Investors transferred money through direct credit or NACH or NEFT or RTGS in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank	A bank, which is a clearing member and registered with SEBI as a banker to an offer and with whom the Escrow Account will be opened, in this case being Kotak Mahindra Bank Limited
First/ sole Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name appears as the first holder of the beneficiary account held in joint names
Floor Price	₹853 per Equity Share
Fresh Issue	The fresh issue of 4,672,897* Equity Shares aggregating to ₹4,000.00 million by our Company pursuant to the terms of the Red Herring Prospectus and this Prospectus **Subject to finalisation of Basis of Allotment*
General Information Document/ GID	The General Information Document for investing in public issues, prepared and issued in accordance with the circular (CIR/ CFD/ DIL/ 12/ 2013) dated October 23, 2013 notified by SEBI, and updated pursuant to the circular (CIR/ CFD/ POLICYCELL/ 11/ 2015) dated November 10, 2015, the circular (CIR/ CFD/ DIL/ 1/ 2016) dated January 1, 2016, (SEBI/ HO/ CFD/ DIL/ CIR/ P/ 2016/ 26) dated January 21, 2016, (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018 and the circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, notified by SEBI, updated pursuant to SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and included in "*Offer Procedure*" on page 441
Global Co-ordinators and Book Running Lead Managers or GCBRLMs	The global co-ordinators and book running lead managers to the Offer namely, Axis Capital Limited, ICICI Securities Limited, IIFL Securities Limited* and JM Financial Limited **Pursuant to the transfer of Merchant Banker registration, issued under the SEBI (Merchant Bankers) Regulations, 1992, from IIFL Holdings Limited, as approved by SEBI vide letter dated July 12, 2019, with continuance of registration number*
ICICI Securities	ICICI Securities Limited
IndusInd Bank	IndusInd Bank Limited
Individual Promoter Selling Shareholder	Padmaja Gangireddy
IIFL	IIFL Securities Limited

Term	Description
	Pursuant to the transfer of Merchant Banker registration, issued under the SEBI (Merchant Bankers) Regulations, 1992, from IIFL Holdings Limited, as approved by SEBI vide letter dated July 12, 2019, with continuance of registration number
JM Financial	JM Financial Limited
Monitoring Agency	Kotak Mahindra Bank Limited
Monitoring Agency Agreement	The agreement dated July 24, 2019 between the Monitoring Agency and our Company, in compliance with the provisions of 2018 SEBI ICDR Regulations, in relation to monitoring the utilisation of the Net Proceeds, by the Monitoring Agency
Mutual Fund Portion	5% of the Net QIB Portion or 140,296 Equity Shares* which was made available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price **Subject to finalisation of Basis of Allotment*
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. For further information about use of the Offer proceeds and the Offer expenses, see "*Objects of the Offer*" on page 92
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
Non-Institutional Bidders	All Bidders, that are not QIBs or Retail Individual Investors, who have Bid for Equity Shares for an amount of more than ₹200,000
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer consisting of 2,104,444 Equity Shares* which was made available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price **Subject to finalisation of Basis of Allotment*
Non-Resident	A person resident outside India, as defined under FEMA and includes FPIs, NRIs, FVCIs and multilateral and bilateral development financial institutions
Offer	The initial public offer of 14,029,622 Equity Shares for cash at a price of ₹856, aggregating to ₹12,009.36* million comprising the Fresh Issue and the Offer for Sale **Subject to finalisation of Basis of Allotment*
Offer Agreement	The agreement dated June 25, 2018, as amended on July 24, 2019, amongst our Company, the Selling Shareholders, the GCBRLMs and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	The offer for sale of 9,356,725 Offered Shares aggregating to ₹8,009.36* million by the Selling Shareholders in terms of the Red Herring Prospectus and this Prospectus. For further details in relation to Selling Shareholders, see "*The Offer*" on page 65 **Subject to finalization of Basis of Allotment*
Offer Price	The final price, being ₹856, at which Equity Shares were Allotted in terms of the Red Herring Prospectus and this Prospectus The Offer Price was decided by our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs on the Pricing Date in accordance with the Book-Building Process and the Red Herring Prospectus and this Prospectus
Offered Shares	9,356,725 Equity Shares, comprising of 5,967,097 Equity Shares aggregating to ₹5,107.84 million by the Corporate Promoter Selling Shareholder, 1,423,114 Equity Shares aggregating to ₹1,218.19 million by the Individual Promoter Selling Shareholder, 796,509 Equity Shares aggregating to ₹681.81 million by Vijaya Siva Rami Reddy Vendidandi, 783,747 Equity Shares aggregating to ₹670.89 million by Valiant, 132,831 Equity Shares aggregating to ₹113.70 million by Helion II, 129,732 Equity Shares aggregating to ₹111.05 million by Kedaara AIF 1, and 123,695 Equity Shares aggregating to ₹105.88 million by Helion
Price Band	Price band of a minimum price of ₹853 per Equity Share (Floor Price) and the maximum price of ₹856 per Equity Share (Cap Price)
Pricing Date	The date on which our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs, finalised the Offer Price, being August 7, 2019
Prospectus	This prospectus, dated August 8, 2019, to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda hereto
Public Offer Account	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 ASBA Accounts on the Designated Date

Term	Description
Public Offer Account Bank	The bank with whom the Public Offer Account opened for collection of Bid Amounts from the Escrow Account and ASBA Accounts on the Designated Date, in this case being Kotak Mahindra Bank Limited
QIB Portion or QIB Category	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer or 7,014,810 Equity Shares* that were Allotted to QIBs on a proportionate basis **Subject to finalisation of Basis of Allotment*
Qualified Institutional Buyers or QIBs	Qualified Institutional Buyers as defined under Regulation 2(1)(ss) of the 2018 SEBI ICDR Regulations
Red Herring Prospectus or RHP	The Red Herring Prospectus dated July 25, 2019 issued in accordance with Section 32 of the Companies Act, 2013 and the SEBI ICDR Regulations, which did not have complete particulars of the price at which the Equity Shares were allotted (including any addenda or corrigenda thereto) and which was filed with the RoC, including the corrigendum to the Red Herring Prospectus dated August 2, 2019
Refund Account	The account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount shall be made
Refund Bank	The Banker to the Offer with whom the Refund Account is opened, in this case being Kotak Mahindra Bank Limited
Refunds through electronic transfer of funds	Refunds through NACH, direct credit, NEFT, RTGS or unblocking ASBA Accounts, as applicable
Registered Brokers	Stock brokers registered with SEBI and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids at the Broker Centres in terms of Circular No. CIR/ CFD/ 14/ 2012 dated October 4, 2012 issued by SEBI, and the UPI Circulars
Registrar Agreement	The agreement dated June 22, 2018, as amended on July 24, 2019, entered into amongst our Company, the Selling Shareholders and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registrar to the Offer/ Registrar	Karvy Fintech Private Limited (formerly known as, KCPL Advisory Services Private Limited)
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/ CFD/ POLICYCELL/ 11/ 2015 dated November 10, 2015 issued by SEBI, and the UPI Circulars
Retail Individual Bidder(s)/ Retail Individual Investor(s)/ RII(s)/ RIB(s)	Bidders (including HUFs applying through their kartas and Eligible NRIs) whose Bid Amount for Equity Shares in the Offer was not more than ₹200,000 in any of the bidding options in the Offer
Retail Portion	The portion of the Offer being not less than 35% of the Offer or 4,910,368 Equity Shares*,which was made available for allocation to Retail Individual Bidders in accordance with the 2009 SEBI ICDR Regulations **Subject to finalisation of Basis of Allotment*
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), as applicable QIB Bidders and Non-Institutional Bidders were not allowed to modify their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders could 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, which offer services, (i) in relation to ASBA, where the Bid Amount was blocked by authorising an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time Applications through UPI in the Offer were made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list shall be updated on SEBI website
Selling Shareholders	The Corporate Promoter Selling Shareholder, the Individual Promoter Selling Shareholder, Vijaya Siva Rami Reddy Vendidandi, Valiant, Helion, Helion II and Kedaara AIF 1
Share Escrow Agent	Share escrow agent appointed pursuant to the Share Escrow Agreement, in this case being, Karvy Fintech Private Limited (formerly known as, KCPL Advisory Services Private Limited)
Share Escrow Agreement	The agreement dated July 24, 2019 amongst the Selling Shareholders, our Company and the Share Escrow Agent in connection with the deposit of the Offered Shares by the Selling Shareholders in a share escrow

Term	Description
	account and credit of such Offered Shares to the demat account of the Allottees in accordance with the Basis of Allotment
Sponsor Bank	A Banker to the Offer which is registered with SEBI and is eligible to act as a Sponsor Bank in a public issue in terms of applicable SEBI requirements and has been appointed by the Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs to act as a conduit between the Stock Exchanges and NCPL to push the UPI Mandate Request in respect of RIBs as per the UPI Mechanism, in this case being ICICI Bank Limited
Specified Locations	Bidding centres where the Syndicate accepted ASBA Forms a list of which is included in the ASBA Form
Stock Exchanges	BSE and the NSE
Sub-Syndicate Members	The sub-syndicate members, if any, appointed by the GCBRLMs and the BRLMs and the Syndicate Member, to collect Bid cum Application Forms and Revision Forms
Syndicate Agreement	The agreement dated July 24, 2019, as amended on August 2, 2019, amongst the GCBRLMs and the BRLMs, the Syndicate Member, the Registrar to the Offer, our Company and the Selling Shareholders in relation to the collection of Bid cum Application Forms by the Syndicate Member
Syndicate Member	Intermediary registered with SEBI who is permitted to carry out activities as an underwriter, namely, JM Financial Services Limited
Syndicate or Members of the Syndicate	The GCBRLMs, the BRLMs and the Syndicate Member
Underwriters	The BRLMs and the Syndicate Member
Underwriting Agreement	The agreement dated August 8, 2019 entered into among the Underwriters, our Company and the Selling Shareholders to be entered into on or after the Pricing Date but prior to filing of Prospectus
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI
UPI Circulars	The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and any subsequent circulars or notifications issued by SEBI in this regard
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	The request initiated by the Sponsor Bank and received by an RIB using the UPI Mechanism to authorise blocking of funds on the UPI mobile or other application equivalent to the Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	The bidding mechanism that was used by an RIB to make a Bid in the Offer in accordance with the UPI Circulars to make an ASBA Bid in the Offer
UPI Pin	Password to authenticate UPI transactions
VSRRV	Vijaya Siva Rami Reddy Vendidandi
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(zn) of the 2009 SEBI ICDR Regulations
Working Day	All days other than second and fourth Saturdays of the month, Sundays or public holidays, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) the time period between the announcement of Price Band the Bid/ Offer Closing Date, 'Working Day' shall mean all days, except Saturday, Sunday and public holidays on which commercial banks in Mumbai are open for business; and (b) the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/ HO/ CFD/ DIL2/ CIR/ P/ 2018/ 138 dated November 1, 2018, and as per circulars issued by SEBI from time to time
YES Securities	YES Securities (India) Limited

Technical/ Industry Related Terms/ Abbreviations/ Terms relating to our business

Term	Description
ALM	Asset Liability Management
AMA	Average Managed Assets
AUM	Assets Under Management

Term	Description
Average Effective Cost of Borrowing	For Fiscal 2017, 2018 and 2019, Average Effective Cost of Borrowing, as defined by the RBI, is our total finance costs less interest income on margin money deposits placed as collateral during the year divided by our monthly average total borrowings. The purchase consideration received towards securitisations and related finance costs have not been considered for computation of "average effective cost of borrowings". As per Ind AS 109, such loans and borrowings continue to be recognized on the balance sheet in the Ind AS financial statements. Average Effective Cost of Borrowing is a Non-GAAP Financial Measure (see "*Certain Conventions, Presentation Of Financial, Industry And Market Data And Currency Of Presentation – Non-GAAP Financial Measures*" on page 14.
BM	Branch Manager
CA	Credit Assistant
CDR	Corporate Debt Restructuring
CRAR	Capital-to-risk weighted assets ratio
CRR	Cash Reserve Ratio
CSR	Corporate Social Responsibility
DM	Divisional Manager
FDI Policy	Consolidated FDI Policy Circular of 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, dated August 28, 2017
GLP	Gross Loan Portfolio
ICRA	ICRA Limited
JLG	Joint Liability Group
KYC	Know-Your-Customer
MFI	Micro Finance Institution
MFIN	Micro Finance Institution Network
MSE	Micro & Small Enterprises
MSME	Micro, Small and Medium Enterprises
MUDRA	Micro Units Development and Refinance Agency
Master Directions	Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time
NBFC	Non-Banking Financial Company
NBFC – MFI	Non-Banking Financial Company – Micro Finance Institution
NBFC – ND – SI	Systemically Important Non-Deposit Taking NBFC
Net Asset Value per equity share or NAV per equity share	Net Asset Value per equity share = $\dfrac{\text{Net worth as at the end of the year – preference share capital}}{\text{Number of equity shares outstanding at the end of the year}}$ NAV per equity share is a Non-GAAP Financial Measure (see "*Certain Conventions, Presentations Of Financial, Industry and Market Data and Currency Of Presentation – Non-GAAP Financial Measures*" on page 14)
Net Worth	Net Worth represents our restated net worth as of the last day of the relevant year Net Worth is a Non-GAAP Financial Measure (see "*Certain Conventions, Presentations Of Financial, Industry and Market Data and Currency Of Presentation – Non-GAAP Financial Measures*" on page 14)
NGO	Non-governmental Organization
NII	Net Interest Income
NIM	Net Interest Margin
PAR	Portfolio at Risk
PSL	Priority Sector Lending
RBI Benchmark	Represents the RBI benchmark in relation to the interest rate that we charge on our microfinance loans: as per RBI regulations, the interest rates charged by us on our microfinance loans is required to be the lower of (i) 10% margin above our cost of funds or (ii) 2.75 times the average base rate of the five largest commercial banks by assets (as notified every quarter by the RBI)

Term	Description
Return on Net Worth or RoNW	RoNW = Net profit after tax, as restated for the year, attributable to equity shareholders / Net Worth (excluding revaluation reserve), as restated, at the end of the year Return on Net Worth is a Non-GAAP Financial Measure (see "*Certain Conventions, Presentations Of Financial, Industry and Market Data and Currency Of Presentation – Non-GAAP Financial Measures*" on page 14)
Rural Area	All areas that are not Urban Areas
SFB	Small Finance Bank
Urban Area	All areas within a state that are either state capitals or district headquarters

Conventional and General Terms or Abbreviations

Term	Description
2009 SEBI ICDR Regulations/ SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
2018 SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, to the extent applicable
₹ / Rs./ Rupees/ INR	Indian Rupees
AGM	Annual general meeting of shareholders convened in accordance with the provisions of the Companies Act, 2013
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
AML	Anti-money laundering
AS/ Accounting Standards	Accounting standards issued by the Institute of Chartered Accountants of India, as notified by the MCA and as applicable to our Company
Banking Regulation Act	Banking Regulation Act, 1949
Bn/ bn	Billion
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act	Companies Act, 2013, unless specified
Companies Act, 1956	Companies Act, 1956, along with the relevant rules made thereunder
Companies Act, 2013	Companies Act, 2013, along with the relevant rules made thereunder, as amended, as applicable
Depositories	Collectively, the NSDL and the CDSL
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DP ID	Depository Participant’s Identification
DP/ Depository Participant	A depository participant as defined under the Depositories Act
ECB	External Commercial Borrowing
EGM	Extraordinary General Meeting of shareholders convened in accordance with the provisions of the Companies Act, 2013
EPS	Earnings Per Share determined in accordance with applicable accounting standards
Equity Listing Agreement	Listing Agreement to be entered into with the Stock Exchanges on which the Equity Shares are to be listed in the form prescribed under the applicable law
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended, read with rules and regulations thereunder
Financial Year/ Fiscal/ Fiscal Year/ FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIPB	The erstwhile Foreign Investment Promotion Board
FPI(s)	Foreign Portfolio Investors as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations

Term	Description
GoI/ Government	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Income Tax Act	The Income Tax Act, 1961
India	Republic of India
Ind AS	Indian Accounting Standards (Ind AS)
Indian Accounting Standards Rules	The Companies (Indian Accounting Standards) Rules, 2015, as amended
Previous Indian GAAP	Generally Accepted Accounting Principles in India i.e. standards specified in the Companies (Accounting Standards) Rules, 2006, as amended, and Companies (Accounts) Rules, 2014
IPO	Initial public offering
IRDA	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
IT	Information Technology
MCA	Ministry of Corporate Affairs, Government of India
MoU	Memorandum of Understanding
Mn/ mn	Million
M-Cril	Micro-Credit Ratings International Limited
N.A./ NA	Not Applicable
NABARD	National Bank for Agricultural and Rural Development
NAV	Net Asset Value
NCDs	Non-convertible debentures
NPCI	National Payments Commission of India
NEFT	National Electronic Fund Transfer
NR	Non-Resident
NRE Account	Non-Resident External accounts
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000
NRO Account	Non-Resident Ordinary accounts
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
p.a.	Per annum
P/ E Ratio	Price/ Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended
RTGS	Real Time Gross Settlement
Regulation S	Regulation S under the U.S. Securities Act
Rule 144A	Rule 144A under the U.S. Securities Act
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992

Term	Description
SEBI Act	Securities and Exchange Board of India Act 1992, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended
SEBI Debt Listing Regulations	SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended
SEBI Mutual Fund Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
SEBI Portfolio Manager Regulations	Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, as amended
SEBI Stock Broker Regulations	Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992, as amended
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended
SIDBI	Small Industries Development Bank of India
Stamp Act	Indian Stamp Act, 1899
State Government	The government of a state in India
Stock Exchanges	Collectively, the BSE and the NSE
Systemically Important NBFC	A non-banking financial company registered with the Reserve Bank of India and having total assets of more than ₹5,000.00 million as per the last audited financial statements
STT	Securities Transaction Tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
TAN	Tax deduction account number
U.S./ USA/ United States	United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	U.S. Securities Act of 1933
USD/ US$	United States Dollars
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

Notwithstanding the foregoing, terms in "*Summary of Industry*", "*Statement of Special Tax Benefits*", "*Objects of the Offer*", "*Financial Statements*", "*Basis for Offer Price*", "*Industry Overview*", "*Regulations and Policies*", "*History and Certain Corporate Matters*", "*Outstanding Litigation and Material Development*", "*Offer Procedure*" and "*Main Provisions of Articles of Association*" on pages 44, 98, 92, 202, 95, 100, 146, 154, 405, 441 and 490 respectively, shall have the meaning given to such terms in such sections.

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

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Prospectus to "India" are to the Republic of India, and all references to "USA", "US" and "United States" are to the United States of America, together with its territories and possessions.

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

Financial Data

Unless stated otherwise or unless the context requires otherwise, and to the extent applicable, the financial data in this Prospectus is derived from our Restated Financial Statements prepared in accordance with the Companies Act, Ind AS and Previous Indian GAAP, as applicable and restated in accordance with the SEBI ICDR Regulations.

In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals and all percentage figures, unless otherwise specified, have been rounded off to the second decimal place and accordingly there may be consequential changes in this Prospectus on account of rounding adjustments.

Our Company's Financial Year commences on April 1 and ends on March 31 of the next year; accordingly, all references to a particular "Financial Year"/ "Fiscal"/ "FY", unless stated otherwise, are to the 12 month period ended on March 31 of that year.

We have prepared our Restated Financial Statements in accordance with Previous Indian GAAP and Ind AS, as applicable, and restated in accordance with SEBI ICDR Regulations, which differ in some material respects from IFRS and U.S. GAAP. Accordingly, the degree to which our Restated Financial Statements, prepared in accordance with Previous Indian GAAP and Ind AS, as included in this Prospectus, will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, 2013, Ind AS, Previous Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

Previous Indian GAAP also differs in certain material respects from Ind AS which is applicable to our Company for financial periods commencing April 1, 2018. Given that Ind AS differs in many respects from Previous Indian GAAP, our financial statements prepared and presented in accordance with Ind AS relating to the financial years ended March 31, 2019, March 31, 2018 and March 31 2017, may not be comparable to our historical financial statements prepared under Previous Indian GAAP. As our restated financial statements for the financial years ended March 31, 2019 and March 31, 2018 are required to be prepared in accordance with Ind AS, and for the financial year ended March 31, 2017 are prepared on a proforma basis using Ind AS principles read with the applicable circulars and guidance notes, such Ind AS financial statements may vary from our historical India GAAP financial statements, and there can be no assurance that such variation will not be material.

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 18, 129 and 371, respectively, and elsewhere in this Prospectus, to the extent applicable, have been calculated on the basis of our Restated Financial Statements prepared in accordance with the Companies Act, Ind AS and Previous Indian GAAP, as applicable and restated in accordance with the SEBI ICDR Regulations.

Non-GAAP Financial Measures

We have included certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance (together, "**Non-GAAP Financial Measures**" and each, a "**Non-GAAP Financial Measure**") in this Prospectus, for example, in the chapter "*Selected Statistical Information*" on page 193. These Non-GAAP Financial Measures are not required by or presented in accordance with Previous Indian GAAP or Ind AS.

We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. However, note that these non-GAAP financial measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies. See also "*Risk Factors - In this Prospectus, we have included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies*" on page 35.

Compliance with the 2018 SEBI ICDR Regulations and 2009 SEBI ICDR Regulations

The 2018 SEBI ICDR Regulations have come into force with effect from November 10, 2018. Since the Draft Red Herring Prospectus was filed under the 2009 SEBI ICDR Regulations, this Prospectus continues to comply with the disclosure requirements prescribed under the 2009 SEBI ICDR Regulations. However, this Prospectus complies with, and has been updated for, any procedure related modifications prescribed under the 2018 SEBI ICDR Regulations.

Currency and Units of Presentation

All references to:

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

Our Company has presented certain numerical information in this Prospectus in "million" or "billion" units, or in absolute number where the number have been too small to present in million unless as stated, otherwise, as applicable. One million represents 1,000,000, one billion represents 1,000,000,000 and one crore represents 10,000,000. However, figures sourced from third party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Prospectus in such denominations or rounded off to such number of decimal points as prescribed in such respective sources.

Exchange Rates

This Prospectus contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the disclosure requirements prescribed under the 2009 SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the USD (in Rupees per USD):

Currency	As on March 31, 2015 (₹)	As on March 31, 2016[(1)] (₹)	As on March 31, 2017[(1)] (₹)	As on March 31, 2018[(1)] (₹)	As on March 31, 2019 (₹)[(1)]	As on June 30, 2019 (₹)
1 USD	62.59	66.33	64.84	65.04	69.17	68.91

(Source: RBI website)

(1) In the event that March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered

Industry and Market Data

Unless stated otherwise, industry and market data used in this Prospectus has been obtained or derived from publicly available information as well as industry publications and sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Prospectus is reliable, it has not been independently verified by us or the GCBRLMs and the BRLMs or any of their affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – Third-party industry and industry-related statistical data and peer comparison and benchmarking of our Company with major microfinance players presented in this Prospectus may be incomplete, incorrect or unreliable*" on page 23. Accordingly, investment decisions should not be based solely on such information.

The chapters "*Summary of Industry*", "*Summary of our Business*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 44, 49, 100, 129 and 371, respectively contain data and statistics from the report titled "Indian Microfinance Sector" prepared by ICRA Limited, which is subject to the following disclaimer:

"All information mentioned herein and otherwise as contained in the report or rationale has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information in the report is true, such information is provided 'as is' without any warranty of any kind, and in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents."

In accordance with the disclosure requirements prescribed under the 2009 SEBI ICDR Regulations, "*Basis for Offer Price*" on page 95 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and we, the GCBRLMs or the BRLMs have not independently verified such information.

The extent to which the market and industry data used in this 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 the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

Further, in accordance with Regulation 51A of the 2009 SEBI ICDR Regulations, and SEBI Listing Regulations, as applicable, our Company may be required to undertake an annual updation of the disclosures made in this Prospectus and make it publicly available in the manner specified by SEBI.

Time

Unless otherwise stated, all references to time in this Prospectus are to Indian Standard Time.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "likely", "objective", "plan", "project", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our Company's 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. For the reasons described below, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Therefore, investors are cautioned not to place under reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

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 its ability to respond to them, its ability to successfully implement its strategy, its growth and expansion, technological changes, its exposure to market risks, general economic and political conditions in India and globally which have an impact on its 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 its industry. Important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

- our operations being concentrated in a few states and any adverse developments in those states may adversely affect our business;
- 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;
- our business is vulnerable to interest rate risks;
- one of our Promoters and certain of our Directors have entered into, and may enter into, ventures that may lead to real or potential conflicts of interest with our business;
- third-party industry and industry-related statistical data and peer comparison and benchmarking of our Company with major microfinance players presented in this Prospectus may be incomplete, incorrect or unreliable; and
- our business being disrupted by certain state regulations.

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 18, 129 and 371, 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.

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

Forward-looking statements reflect the current views of our Company as of the date of this Prospectus and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Selling Shareholders, the GCBRLMs, BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with regulatory requirements, our Company, the GCBRLMs and the BRLMs will ensure that investors in India are informed of material developments from the date of registration of this Prospectus with the RoC until the receipt of final listing and trading approvals from the Stock Exchanges. Each of the Selling Shareholders (severally and not jointly) will ensure that the Bidders in India are informed of material developments in relation to the statements relating to undertakings specifically confirmed or undertaken by such Selling Shareholder in relation to them or their portion of the Offered Shares in this Prospectus until the listing and commencement of trading permission by the Stock Exchanges.

SECTION II: RISK FACTORS

*An investment in the Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. You should read this chapter together with "**Industry Overview**", "**Our Business**", "**Regulations and Policies**", "**Selected Statistical Information**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 100, 129, 146, 193 and 371, respectively, as well as the financial statements, including the annexures thereto, and other financial information included elsewhere in this Prospectus. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.*

The risks and uncertainties described below are not exhaustive. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. If any or a combination of the following risks, or other risks that we are not currently aware of or believe to be material, occur, our business prospects, financial condition, results of operations and cash flows could suffer, the trading price of, and the value of your investment in, our Equity Shares could decline, and you may lose all or part of your investment. In making an investment decision, you must rely on your own examination of our Company and the terms of this Offer, including the merits and risks involved.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this document.

*Unless otherwise indicated or the context requires otherwise, the financial information for the year ended March 31, 2017 included in this chapter is based on our Restated Standalone Financial Statements, and the financial information for the years ended March 31, 2018 and 2019 included in this chapter are based on our Restated Consolidated Financial Statements, both of which are included in this Prospectus. For further information, see "**Financial Statements**" on page* 202.

INTERNAL RISK FACTORS

Risks Relating to Our Business

1. ***Our operations are concentrated in the states of Karnataka, Madhya Pradesh, Orissa, Maharashtra and Chhattisgarh and any adverse developments in these states could have an adverse effect on our business, financial condition, results of operations and cash flows.***

As of June 30, 2019, we conducted our operations through 929 branches in India, of which 149, 149, 136, 111 and 83 branches, were located in Orissa, Madhya Pradesh, Karnataka, Maharashtra and Chhattisgarh, respectively. As of March 31, 2019, 20.01%, 19.98%, 13.48%, 10.77% and 8.70%, respectively, of our Gross AUM originated in Madhya Pradesh, Orissa, Karnataka, Maharashtra and Chhattisgarh. While we endeavor to manage and monitor our concentration risk at the district level, we are susceptible to risks relating to concentration in these states and in the event of a regional slowdown in the economic activity in one or more of these states, or any other developments including political unrest, disruption or sustained economic downturn that make our products in any of these states less beneficial, we may experience an adverse impact on our business, financial condition, results of operations and cash flows. Further, the market for our products in these states may fluctuate and be subject to, market and regulatory developments that are different for various states of India. There can be no assurance that the demand for our products will grow and will not decrease in the future in these states.

2. ***There is outstanding litigation against our Company, our Directors, one of our Promoters and one of our Subsidiaries which, if adversely determined, could affect our business and results of operations.***

Our Company, our Directors, one of our Promoters and one of our Subsidiaries are involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally from us and other parties. Should any new developments arise, such as any change in applicable Indian law or any rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities. Any adverse decision in any of these proceedings may have an adverse effect on our business, results of operations and financial condition.

A summary of pending litigation in relation to criminal matters, tax matters, actions by regulatory or statutory authorities and material civil litigation involving us, our Directors and one of our Promoters and one of our Subsidiaries, as applicable, as at the date of this Prospectus is set out below. There are no pending proceedings in relation to criminal matters, tax matters, actions by regulatory or statutory authorities and material civil litigation involving our Group Company.

Litigation against our Company

Nature of proceedings	Number of cases	Amount to the extent quantifiable (₹ million)
Criminal	1	1.02
Civil	1	271.39
Direct tax matters	3	60.04
Action by regulatory/ statutory authorities	4	3.89

Litigation by our Company

Nature of proceedings	Number of cases	Amount to the extent quantifiable (₹ million)
Criminal	371	68.41
Civil	1	-
Direct tax matters	5	238.87
Indirect tax matters	4	104.56

Litigation against our Directors

Name of Director	Nature of proceedings	Number of cases	Amount to the extent quantifiable (₹ million)
Padmaja Gangireddy	Criminal	2	-
	Civil	1	271.39
Abanti Mitra	Civil	1	271.39
Sunish Sharma	Criminal	1	-
	Regulatory and Statutory	1	-

Litigation by our Directors

Name of Director	Nature of proceedings	Number of cases	Amount to the extent quantifiable (₹ million)
Padmaja Gangireddy	Criminal	2	-

Litigation against our Promoters

Name of Promoter	Nature of proceedings	Number of cases	Amount to the extent quantifiable *(₹ million)*
Padmaja Gangireddy	Criminal	2	-
	Civil	1	271.39

Litigation by our Promoters

Name of Promoter	Nature of proceedings	Number of cases	Amount to the extent quantifiable *(₹ million)*
Padmaja Gangireddy	Criminal	2	-

Litigation by our Subsidiaries

Nature of proceedings	Number of cases	Amount to the extent quantifiable *(₹ million)*
Criminal	10	0.77

For further details on the outstanding litigation against our Company, our Directors, our Promoters and our Subsidiaries, see "*Outstanding Litigation and Material Developments*" on page 405.

3. ***We have had negative cash flows in the past and may continue to have negative cash flows in the future.***

The following table sets forth our cash flows for the periods indicated (as per our Restated Financial Statements):

	For the year ended March 31,		
	(consolidated) 2019	(consolidated) 2018	(standalone) 2017
	(₹ in million)		
Net cash generated/ (used in) operating activities	(5,733.43)	(18,550.93)	(588.83)
Net cash generated/ (used in) investing activities	(327.80)	(35.47)	(12.14)
Net cash generated/ (used in) financing activities	6,501.99	16,730.59	3,148.88
Net increase/ (decrease) in cash and cash Equivalents	440.76	(1,855.81)	2,547.91

For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Cash Flows*" on page 371. We cannot assure you that our net cash flows will be positive in the future.

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

As of March 31, 2019, we had the following contingent liabilities on a consolidated basis which have not been provided for as per Ind AS 37:

Particulars	As at March 31, 2019 (consolidated)
	(in ₹ millions)
Claims against the Company not acknowledged as debts: service tax open assessments	48.66

In addition, during the Reserve Bank of India's annual inspection of our Company for Fiscal 2018, the RBI shared a supervisory concern regarding our Company's adherence to the pricing guidelines prescribed under paragraph 54 of the RBI Master Directions DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, as amended ("**Master Directions**"). The RBI has further advised our Company to initiate the refund process. Our Company is of the opinion that the pricing of qualifying loans is in line with paragraph 54 of the Master Directions. An independent legal opinion has been obtained substantiating that our Company's method of determining the pricing of qualifying MFI loans is in compliance with the Master Directions. Pending outcome of the management's response to the RBI and given that the amount required to be refunded, if any, cannot be measured with sufficient reliability, no provision has been made in our restated financial statements as at March 31, 2019. In relation to the above and other supervisory concerns raised by RBI pursuant to their inspection report dated March 28, 2019, our Company has submitted their response by way of a letter dated May 31, 2019. There can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future. If the aforementioned contingent liabilities materialize, our profitability and cash flows may be adversely affected.

5. ***In order to support and grow our business, we must maintain a minimum capital to risk weighted assets ratio, and a lack of access to the capital markets 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% 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. Our ability to support and grow our business would become limited if the CRAR is low. Our CRAR as of March 31, 2016 and 2014 was negative. Further, in the past we have been unable to maintain the minimum amount of NOF and CRAR prescribed by the RBI. In view of the challenges being faced by us, the RBI had given an exemption to us for not maintaining minimum NOF and a regulatory forbearance for not maintaining minimum CRAR for a period of two years till March 31, 2016 which was subsequently extended till March 31, 2017 vide RBI letter dated November 30, 2016. There is no assurance that we will receive similar exemptions if our NOF or CRAR falls below the minimum prescribed percentage.

While we may access the capital markets to offset any declines to our CRAR, we may be unable to access the markets at the appropriate time or the terms of any such financing may be unattractive due to various reasons attributable to changes in the general environment, including political, legal and economic conditions.

As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable CRAR with respect to our business. There can be no assurance 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 regulations in relation to securitizations and/ or assignments, by NBFCs in general or MFIs specifically could have an adverse impact on our assignment and securitization plans in the future. This may result in non-compliance with applicable capital requirements, which could have a material adverse effect on our business prospects, financial condition and results of operations.

If we are unable to meet any existing or new and revised requirements, our business, future financial performance and the price of our Equity Shares could be adversely affected.

6. ***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.***

As of March 31, 2019, we had total borrowings on a consolidated basis aggregating to ₹29,677.37 million, comprising debt securities amounting to ₹13,719.64 million, borrowings (other than debt securities) amounting to ₹15,754.79 million and subordinated liabilities amounting to ₹202.94 million, each on a consolidated basis. Incurring indebtedness is a direct consequence of the nature of our business, and having large outstanding borrowings portfolio may have significant implications on our business and results of operations, including, inter alia:

- low availability of cash flow for working capital, capital expenditures and other general corporate requirements;
- affecting our ability to obtain additional financing in the future at reasonable terms;
- triggering provisions of cross-default across multiple financing arrangements;
- adverse and onerous implications (including limitations to 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. These covenants vary depending on the requirements of the financial institution extending the loan, and may be, *inter alia*, in relation to: (i) any change in capital structure; (ii) approach to capital markets for mobilizing additional sources, either as debt or equity; (iii) change in the nature or scope of business or operations other than in the normal course of business; (iv) investment by way of subscription to share capital of, or lending or advances to or placing deposits with any other concern; (v) formulation of any scheme of amalgamation with any other borrower or reconstruction; (vi) alteration in the management or the charter documents; (vii) change in control or ownership of our Company; (viii) repayment/ prepayment of all or part of the borrowings availed by our Company; (ix) redeeming, purchasing, buying-back, retiring, returning or repaying any of our Company's equity share capital or paying any dividend to our Company's shareholders; (x) dilution of the Promoters' shareholding in the Company; (xi) change in accounting method as policies followed by the Company; and (xii) change in key management personnel of the Company.

Further, under certain financing arrangements, we are required to maintain specific credit ratings and other financial ratios, which may restrict or delay certain actions or initiatives that we may propose to take in the ordinary course of business.

Failure to observe the covenants under our financing arrangements may lead to the termination of our credit facilities, acceleration of amounts due under such facilities, trigger cross-default provisions and the enforcement of security provided. There can be no assurance 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. During any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing or generate sufficient cash to fund our liquidity requirements. In relation to our historic loan defaults leading to corporate debt restructuring, please see "*– Our business, financial condition, cash flows and results of operations have been adversely affected in the past by certain state regulations. There can be no assurance that similar disruptions will not occur in the states in which we operate, which may have an adverse impact on our business, financial condition and results of operations*" on page 24.

In addition to the CDR, in the past, we have entered into certain settlement agreements with certain collecting agents, with respect to irregular payments on our part. For further details, please see "*History and Certain Corporate Matters – Other Agreements*" on page 162. As on date of this Prospectus, we do not have any liabilities arising out of these settlements, however, there can be no assurance that in the future we may comply with provisions of any such agreements, which in turn may have an adverse impact on our credit rating, business operations and future financial operations.

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 financing arrangement. Such recalls may be contingent on happening of an event beyond our control and there can be no assurance that we will be able to persuade our lenders to give us extensions or to refrain from exercising such recalls. A recall notice may also lead to an event of default under an existing financing arrangement. There can be no assurance 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 impact on our credit rating, business operations and future financial performance. Further, if we are unable to service our existing debt, our ability to raise debt in the future will be adversely affected, which will have a significant adverse effect on our results of operations, financial condition and our business.

7. ***Our business is vulnerable to interest rate risk, and volatility in interest rates could have a material adverse effect on our net interest income, net interest margin and our financial performance.***

Our results of operations depend to a large extent on the level of our net interest income as our primary revenue source is interest income. Net interest income represents gross interest income for the relevant year reduced by finance costs and cost of portfolio derecognized in such year. For more details, see "Selected Statistical Information". The differential between the interest rates that we charge on interest-earning assets (i.e., our loan portfolio) and the interest rates that we pay on interest-bearing liabilities, and the volume of such assets and liabilities, tend to have a significant impact on our results of operations. During the year ended March 31, 2017, interest income represented 98.29% of our standalone revenue from operations, and during the years ended March 31, 2018 and 2019, interest income represented 97.57% and 95.66% of our consolidated revenue from operations, respectively. Changes in market interest rates affect the interest rates we charge on our interest-earning assets 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 loan portfolio and advances or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our interest-earning assets. Further, such increase in interest rates could impact our ability to raise low cost funds as compared to some of our competitors which may have access to lower cost deposits. The differences between repricing maturities of rate sensitive liabilities and rate sensitive assets, called repricing gaps, exposes our business to interest rate risk. As per RBI regulations, the interest rates charged by us on our microfinance loans is required to be the lower of (i) 10% margin above our cost of funds for the previous quarter or (ii) 2.75 times the average base rate of the five largest commercial banks by assets (as notified every quarter by the RBI) ("**RBI Benchmark**"). Our business is also exposed to interest rate risk in the form of non-uniform movement in different interest rates that are used for pricing of our assets and liabilities. The following table represents the RBI Benchmark and the maximum interest rates we charge on our micro-finance loans disbursements for the periods mentioned:

	Quarter ended March 31, 2019 (in %)	**Quarter ended December 31, 2018 (in %)**	**Quarter ended September 30, 2018 (in %)**	**Quarter ended June 30, 2018 (in %)**
RBI Benchmark	25.1625	24.805	24.53	24.72
Maximum rate of interest charged on our disbursement	24	24	24.53	24.72

A sustained decline in the RBI Benchmark may adversely impact our ability to charge interest on our microfinance loans at our desired rates, which may adversely affect our interest income from loan portfolio.

As the repricing maturities of our liabilities and assets are spread over different time periods, we are exposed to interest rate risk in the form of non-parallel movement in yield curves. Further, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, it could lead to a reduction in our net interest income (representing our revenue from operations as reduced by our finance costs) and net interest margin. The quantum of the changes in interest rates for our assets and liabilities may also be different, leading to a decrease in the interest margin.

8. ***One of our Promoters and certain of our Directors have entered into, and may enter into, ventures that may lead to real or potential conflicts of interest with our business.***

Our Promoters may become involved in ventures that may potentially compete with our Company. The interests of our Promoters may conflict with the interests of our other Shareholders and our Promoters may, for business considerations or otherwise, cause our Company to take actions, or refrain from taking actions, in order to benefit themselves instead of our Company's interests or the interests of its other Shareholders and which may be harmful to our Company's interests or the interests of our other Shareholders, which may materially adversely impact our business, financial condition and results of operations. For instance, our Individual Promoter, Padmaja Gangireddy, owns 68.31% shareholding in Abhiram Marketing, our Group Company engaged in the business of consumer goods, whose retail products are sold at our branches (and from whom we receive a sales commission). There is no assurance that the interests of Abhiram Marketing will align with our business interests. Further, our Individual Promoter is also a director and nominee shareholder of Criss Financial. Criss Financial is in the same line of business as our Company.

Our Individual Promoter holds 3.65% of the equity share capital of Saggraha Management Services Private Limited, which acts as a business correspondent to banks and carries on activities similar to our Company for and on behalf of such principal banks. In addition to our Managing Director, some of our Directors are also associated with entities in the same line of business as our Company. Jagdish Capoor, our Independent Director, is a director on the board of Manappuram Finance Limited. Bharat Dhirajlal Shah, our Independent Director, is also a director on the board of Digikredit Finance Private Limited. Darius Dinshaw Pandole, our Nominee Director, is a director on the board of Credibility Financial Services Private Limited. Ramachandra Kasargod Kamath, our Nominee Director, is a director on the board of New Opportunity Consultancy Private Limited, which acts as a business correspondent to banks and carries on activities similar to our Company for and on behalf of such principal banks.

We have entered into a Memorandum of Understanding with Abhiram Marketing, our Group Company, engaged in the business of consumer goods whereby we have leveraged our customer network to provide marketing and distribution services to Abhiram Marketing with respect to certain consumer durables products and services of Abhiram Marketing selected by us for a commission of 13.00% on the sales. Also see "*Our Business*" and "*Our Group Company*" on pages 129 and 188, respectively. In terms of the MoU, our branches and officers serve as business points for Abhiram Marketing to sell its products and services to our clients. While we have the discretion to select Abhiram Marketing's products and services proposed to be sold to our clients, any client dissatisfaction towards products sold by Abhiram Marketing at our branches and offices may result in dissatisfaction of our clients in approaching our branches as a whole and may have adverse effect on our business and results of operations.

Further, we hold such products in our branches and offices physically in trust of Abhiram Marketing. Any risk with respect to unsold inventory, storage, damage, cancellation, non-payment of dues by clients, product/service failure with respect to the products sold by Abhiram Marketing may result in dispute, litigation and non-payment of commission in terms of the MoU, which may affect our business operations at branches.

9. ***Third-party industry and industry-related statistical data and peer comparison and benchmarking of our Company with major microfinance players presented in this Prospectus may be incomplete.***

Neither we, nor any of the GCBRLMs and the BRLMs have independently verified the data obtained from the official and industry publications and other industry sources referred in this Prospectus and therefore, while we believe them to be true, there can be no assurance that they are complete. Such data may also be produced on different bases from those used in the industry publications we have referenced. In particular, neither we, nor any of the GCBRLMs and the BRLMs, nor any other person associated with the offer has verified the information from the report titled "Indian Microfinance Sector"dated July 9, 2019 prepared by ICRA, which has been prepared pursuant to an engagement between ICRA and our Company. Therefore, discussions of matters relating to India, its economy, our industry and our benchmarking in comparison with major microfinance players in this Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or prepared on non-comparable bases. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, benchmarking may be inaccurate. Further, the metrics used by ICRA for the peer comparison may not be directly comparable due to differences in accounting policies amongst the peers or other reasons.

While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data or report and do not take responsibility for any errors or omissions or for the results obtained from using their data or report. Accordingly, investors should not place undue reliance on, or base their investment decision on this information. See "*Industry Overview*" on page 100.

10. ***Our business, financial condition, cash flows and results of operations have been adversely affected in the past by certain state regulations. There can be no assurance that similar disruptions will not occur in the states in which we operate, which may have an adverse impact on our business, financial condition and results of operations.***

In the past, our business operations have been severely impacted by regulatory action. In October 2010, the AP government passed the AP Microfinance Ordinance to put in place extremely stringent operating guidelines in response to the allegedly coercive collection practices adopted by MFIs in the formerly unified Andhra Pradesh. After the implementation of the ordinance, loan collections in the formerly unified Andhra Pradesh dropped severely and the asset quality across the industry deteriorated sharply. At this time, we had a large exposure to the formerly unified Andhra Pradesh as most of our loans originated from that state. As a result, we had to make provisions for our outstanding portfolio originating from Andhra Pradesh, which had a materially adverse effect on our business. We were also unable to service our debt due to cash flow shortages, which led to our lenders referring us for corporate debt restructuring (which we exited in March 2017). For further details on the background and aftermath of the AP

Microfinance Ordinance, see "*Industry Overview*" on page 100 and for details in relation to our restructuring and other agreements in relation to CDR, see "*History and Certain Corporate Matters – Other Agreements*" on page 162. 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. There can be no assurance that any such actions taken by the state governments in these states will not adversely impact our business, financial condition and results of operations.

11. ***Microfinance loans are unsecured and are susceptible to various operational, credit and political risks which may result in increased levels of non-performing assets ("NPAs"), thereby adversely affecting our business, results of operation and financial condition.***

The focus client segment for our micro-loans is women in Rural Areas. As of June 30, 2019, 99.82% of our clients were women. Our clients typically have limited sources of income, savings and credit histories and as a result, are usually adversely affected by declining economic conditions. Further, for most of our loans, our clients do not provide any collateral or security for their borrowings as the RBI has mandated that loans given by NBFC-MFIs should be collateral free for the purpose of "Qualifying Assets". 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. For example, in 2019, there was a cyclone in Orissa, one of the states in which we conduct our business, which affected our borrowers. Furthermore, although we use credit bureau reports to check certain background information such as the total indebtedness of each potential client and her existing repayment/ default history, the information in such reports may be incomplete or unreliable and accordingly the credit risk analyses we carry out on potential clients may be limited.

Further, we rely primarily on non-traditional guarantee mechanisms rather than any tangible assets such as collateral. Most of our loans involve a joint liability mechanism whereby borrowers form an informal joint liability group and provide joint and several guarantees for loans obtained by each member of the group. Such joint liability arrangements are likely to fail if there is no meaningful personal relationship or bond among members of such group, if there is irregular participation in group meetings, if inadequate risk management procedures have been employed, or as a result of adverse external factors such as natural calamities. As a result, our clients potentially present a higher risk of loss in case of a credit default compared to that of borrowers in other asset-backed financing products. In addition, the microfinance business is susceptible to various political and social risks, including political interference in the working of MFIs at the district, state or national level; adverse publicity or litigation relating to the microfinance sector; public criticism of the microfinance sector; introduction of a stringent regulatory regime; or religious beliefs relating to loans and interest payments, which adversely affect repayment by our clients and may have an adverse effect on our business prospects and future financial performance.

Due to the underlying profile of our clients, we may, in the future, experience increased levels of non-performing assets and related impairments and write-offs, which would materially and adversely impact our business and results of operations.

12. ***An increase in our portfolio of NPAs and/or our impairments and write-offs may adversely affect our business, 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. If the credit quality of our clients deteriorates or our levels of impairments and write-offs increase, it could have an adverse effect on our business, results of operations and financial condition. In addition, even if our policies and procedures are appropriate, we may not be able to anticipate future economic or financial developments or downturns, which could lead to an increase in our NPAs. A number of factors outside of our control affect our ability to limit NPAs, including developments in the Indian and global economy, domestic or global turmoil, decline in agricultural productivity, decline in business or client confidence, competition, changes in client behavior and demographic patterns, various central and state government decisions, changes in interest rates and exchange rates and changes in regulations, including with respect to regulations requiring us to lend to certain sectors identified by the RBI, or the Government of India. In addition, the expansion of our business may cause our NPAs to increase and the overall quality of our loan portfolio to deteriorate.

Our credit quality is also susceptible to other external events that impact the industry as a whole. For example, in the aftermath of the AP Microfinance Ordinance, we had to make provisions for our outstanding portfolio of loans from the formerly unified Andhra Pradesh, which significantly affected our results of operations and financial condition. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Our Credit Quality and Levels of Impairments and Write-offs*" on page 376.

In accordance with our accounting policies, we are required to measure expected credit losses on our loan portfolio. We assess credit risk on our portfolio by classifying our portfolio into Stage I, Stage II and Stage III assets (for details, please see "*Critical Accounting Policies – Provisioning Policy for Loan Portfolio under Ind-AS*" on page 383). Any increase in our impairments and write-offs may materially and adversely affect our business, results of operations and cash flows. For further details of our provisioning policies, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies*" on page 377).

The application of the expected credit loss methodology requires us to consider our internal estimates for loan losses and risks inherent in the loan portfolio when deciding on the appropriate level of classification of our assets. This determination requires that we make estimates. Any incorrect estimation may result in our impairments or write-offs 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 reducing the provisioning requirements in relation to a class or classes of borrowers, which will impact our ability to create an appropriate level of provisioning.

The following table shows our NPA and PAR levels for the periods mentioned:

Metric	**As of**		
	March 31, 2019 (consolidated)	**March 31, 2018 (consolidated)**	**March 31, 2017 (standalone)**
Stage I, II and III PAR 0+ (excluding the old AP Portfolio and standard Portfolio) (₹ in million) (1)	382.77	743.71	1,390.79
Stage I, II and III PAR 0+ Net (excluding the old AP Portfolio and standard Portfolio) (2) (₹ in million)	272.09	140.33	394.77
Stage III PAR 90+ (excluding the old AP Portfolio) (3) (₹ in million)	43.11	719.35	892.56
Stage III PAR 90+ (excluding the old AP Portfolio) Ratio(4) (%)	0.10%	2.27%	6.86%
Stage III PAR 90+ Net (excluding the old AP Portfolio)(5) (₹ in million)	6.11	117.45	87.21
Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio(6) (%)	0.01%	0.38%	0.71%

(1) *Stage I, II and III PAR 0+(excluding the old AP Portfolio and standard Portfolio) represents the total loan outstanding that are overdue for 1 day or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio) as of the last day of the relevant year (excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012).*

(2) *Stage I, II and III PAR 0+ Net (excluding the old AP Portfolio and standard Portfolio) represents the total loan outstanding that are overdue for 1 day or more (including any such loan outstanding that forms part of our securitized or assigned loan portfolio), as of the last day of the relevant year i.e. non-performing portfolio loans outstanding (gross) as reduced by the provision for such loans (excluding provision for loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012).*

(3) *Stage III PAR 90+ (excluding the old AP Portfolio) represents total loan outstanding that are overdue for 90 days or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio), as of the last day of the relevant year, excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012.*

(4) *Stage III PAR 90+ (excluding the old AP Portfolio) Ratio represents "Stage III PAR 90+ (excluding the old AP Portfolio)" (as defined above) as a percentage of Gross AUM as at the date mentioned.*

(5) *Stage III PAR 90+ Net (excluding the old AP Portfolio) represents the total loan outstanding that are overdue for 90 days or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio), as of the last day of the relevant year, excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012, as reduced by the provision for such loans (excluding provision for loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012).*

(6) *Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio represents " Stage III PAR 90+ Net (excluding the old AP Portfolio)" (as defined above) as a percentage of Gross AUM (net of provision for such PAR 90+ loans) as at the date mentioned.*

If our NPAs increase, we will be required to increase our impairments and write-offs, which could materially adversely affect our financial condition, profitability and results of operations.

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

We face significant competition from other MFIs and banks in India (including SFBs), as the microfinance industry is characterized by low barriers to entry. For details, see "*Our Business –Competition*" on page 145. 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 client 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, results of operations and financial condition.

Traditional banks also participate in microfinance by financing the loan programs of self-help groups often in partnership with NGOs, or through certain state-sponsored social programs as well as through their own operations pursuant to the JLG model. Further, most 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. In addition, of late, some commercial banks are also beginning to directly compete with for-profit MFIs for lower income segment clients in certain geographies. Further, disruption from digital platforms could also have an adverse effect on our business model and the success of our products and services that we offer to our clients. We face threats to our business from newer business models that leverage technology to bring together savers and borrowers. We may not be competitive in facing up to the challenges from such newer entrants. Increasing competition may adversely affect our business, financial condition and results of operations. In addition, as competition amongst micro-finance players increases, borrowers may take more than one loan from different micro-finance players, which may adversely affect our asset quality or the asset quality of the industry as a whole.

14. ***Any downgrade of our credit ratings may increase our borrowing costs and constrain our access to capital and debt markets and, as a result, may adversely affect our net interest margin and our results of operations.***

The cost and availability of funds is dependent, among other factors, on our short-term and long-term credit ratings. Credit ratings reflect a rating agency's opinion of our financial strength, operating performance, industry position, and ability to meet our obligations. Any future performance issues for our Company or the industry may result in a downgrade of our credit ratings, which may in turn lead to an increase in our borrowing costs and constrain our access to capital and debt markets and, as a result, may adversely affect our net interest income and net interest margin. 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.

During the year ended March 31, 2011, credit ratings were reduced for MFIs operating in Andhra Pradesh as a result of a crisis in the MFI industry, which also impacted our fundraising activities and our business and financial results. As noted above in "– *Our business, financial condition, cash flows and results of operations have been adversely affected in the past by certain state regulations. There can be no assurance that similar disruptions will not occur in the states in which we operate, which may have an adverse impact on our business, financial condition and results of operations*" on page 23, the AP government in October 2010 passed the AP Microfinance Ordinance, placing extremely stringent operating guidelines on MFIs operating in that state. In December 2010, in the aftermath of the Microfinance Ordinance, CRISIL downgraded our credit rating from A-/P1 to BBB/P3+ and placed us on "Rating Watch with Negative Implications". The industry as a whole was greatly impacted, and we had to resort to CDR due to the decline in loan collections, asset quality and fresh disbursements. We exited CDR in 2017. Further, in 2016, as a result of a number of factors, including the Government of India's demonetization measures, the credit ratings of a number of NBFC-MFIs were downgraded. For further details, see "*Industry Overview*" on page 100. There is no assurance that our credit ratings will not be downgraded in the future. Any such development in the future may adversely affect our business operations, future financial performance and the price of our Equity Shares.

15. ***There can be no assurance that we will be able to access capital as and when we need it and at a cost favorable for our growth.***

Our liquidity and profitability are, in large part, dependent upon our timely access to capital and costs associated with raising capital. Our funding requirements have historically been met from a combination of term loans, working capital facilities, assignment or securitization of our portfolio to banks and financial institutions, proceeds from issuance of non-convertible debentures, subordinated debt as well as equity contributions. Any change in the RBI regulations on priority sector lending, or our inability to maintain relationships with such banks and financing institutions could adversely affect our business, results of operations and financial condition. Our business depends and will continue to depend on our ability to access diversified low cost funding sources. As a financial services company, we face certain additional regulatory restrictions on our ability to obtain financing from banks. For further information, see "*Regulations and Policies*" on page 146.

In September 2018, Infrastructure Leasing & Financial Services Limited reported that it defaulted in several of its bank loan repayment obligations. There has also been certain reports and allegations against other NBFCs in India whose rating have downgraded due to default in payment of interest in certain of its debt securities. This has lead to tight liquidity in the banking sector in India. This has also lead to volatility in the Indian equity and debt securities market and heightened investors concerns about systematic risks that Indian financial institutions face.

If we are unable to access the necessary amounts of capital, it may adversely impact our ability to grow our overall business and may even require us to curtail or withdraw from some of our current business operations. If we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates on our loans to clients. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors, including the regulatory environment and policy initiatives in India, liquidity in the market, developments in the international markets affecting the Indian economy, investors' and/ or lenders' perception of demand for debt and equity securities of NBFCs and MFIs, and our current and future results of operations and financial condition. There can also be no assurance that we would be able to raise adequate additional capital in the future on terms favorable to us, or at all, and this may hamper and adversely impact our growth plans.

16. ***If we are unable to manage our growth effectively, our financial, accounting, administrative, operational and technology infrastructure, as well as our business and reputation could be adversely affected.***

Our growth strategy includes organic business growth and branch expansion, which may further constrain our capital and human resources, and make asset quality management increasingly important. As we move to newer geographies, we may not be able to maintain the level of our NPAs or the quality of our portfolio. We will need to continue to enhance and improve our financial, accounting, information technology, administrative/ risk management and operational infrastructure and internal capabilities in order to manage the future growth of our business effectively. There can be no assurance that the network infrastructure required for communication with the centralized system can be expanded in scale to meet any increase in the volume of our transactions. Further, we may be unable to develop adequate infrastructure or devote sufficient financial resources or develop and attract 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 systems and controls. If we are unable to manage our future expansion successfully, our ability to provide products and services to our clients would be adversely affected, and, as a result, our reputation could be damaged and our business and results of operations materially and adversely impacted.

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

We are highly dependent on the continued services of our management team, including our Individual Promoter. We are also dependent on our experienced members of our Board of Directors. Our future performance is dependent on the continued service of these persons. The RBI also mandates NBFCs to have in place supervisory standards to ensure that their directors have appropriate qualifications, technical expertise and a sound track record, and such requirements will make it more difficult for us to replace our directors if and when we have to. We may not be able to replace our Board of Directors with similarly experienced professionals, which could materially and adversely impact the quality of our management and leadership team. The rate of attrition of our management team starting from branch manager and above, who are critical for our business, was 25.04% for Fiscal 2019.

If one or more of these key personnel are unwilling or unable to continue in their present positions, we may not be able to replace them with persons of comparable skills and expertise.

We also face a continuing challenge to hire and assimilate skilled personnel. Competition for management and other skilled personnel is intense, and we may not be able to attract and retain the personnel we need in the future. The loss of key personnel or our inability to replace key personnel may restrict our ability to grow, to execute our strategy, to raise the profile of our brand, to raise funding, to make strategic decisions and to manage the overall running of our operations, which would have a material adverse impact on our results of operations and financial position.

18. ***We require various 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.***

We require various 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 the prescribed requirements, including classification of NPAs and provisioning, KYC requirements, ticket sizes, qualifying assets and other internal control mechanisms. For further information, see "*Regulations and Policies*" on page 146. In future, we will 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. There can be no assurance that the relevant authorities will issue any of such permits or approvals in a timely manner, or at all, and/ or on favorable terms and conditions. Our failure to comply with the terms and conditions of such permits or approvals and/ or to maintain or obtain the required permits or approvals may result in an interruption of our business operations and may have a material adverse effect on our business operations, future financial performance and price of our Equity Shares.

In the event that we are unable to comply with the requirements, we may be subject to regulatory actions by the RBI, including the levy of fines or penalties and/ or the cancellation of our license to operate as an NBFC-MFI. Any levy of fines or penalties or the cancellation of our license to operate as an NBFC-MFI may adversely affect our business, prospects, results of operations, financial condition and the trading price of our Equity Shares. In addition, we require various registrations to operate our branches in the ordinary course of business, such as those required to be obtained or maintained under applicable legislations governing shops and establishments, professional tax, labor related registrations and trade licenses of the particular state in which they operate. Some of these approvals may have expired, and 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 411. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, our business may be adversely affected.

19. ***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 requirements applicable to us, we are mandated 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. For further details, see "*Regulations and Policies*" on page 146. While we have adopted policies and procedures aimed at collecting and maintaining all AML and KYC related information from our clients in order to detect and prevent the use of our business networks for illegal 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.

Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect AML activity and ensure KYC compliance, and have taken necessary corrective measures, there can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties by the relevant government agencies to whom we report. Our business and reputation could suffer if any such parties use or attempt 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.

20. ***We may face various risks associated with our large number of branches and widespread network of operations which may adversely affect our business, financial condition and results of operations.***

As of June 30, 2019, we operate across 16 states and 1 union territory in India through 929 branches and 5,051 Credit Assistants.

As a consequence of our large network, we may be exposed to certain risks, including, amongst others:

- preserving our asset quality and managing our NPAs as our geographical presence increases and our client profile changes;
- developing and improving our product delivery channels;
- upgrading, expanding and securing our technology platform;
- complying with regulatory requirements such as KYC and AML norms;
- maintaining high levels of client satisfaction;
- difficulties arising from coordinating and consolidating corporate and administrative functions;
- delay in the transfer of data amongst various locations;
- higher technology support costs to achieve last mile connectivity;
- operational risks including integration of internal controls and procedures;
- 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;
- risks relating to lack of infrastructure in rural areas, where we operate;
- 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; and
- unforeseen legal, regulatory, property, local taxation, labor or other issues.

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

21. ***Any deterioration in the performance of any pool of receivables assigned or securitized to banks and other institutions may adversely impact our financial performance.***

We may, in the ordinary course of business to improve liquidity and minimize risks, assign or securitize a portion of our receivables from our loan portfolio to banks and NBFCs. Such securitization/ assignment transactions are undertaken by us on the basis of our internal estimates of funding requirements, and may vary from time to time. The outstanding carrying value of our loans securitized on a consolidated basis, which are recognized on the balance sheet under Ind AS, was ₹6,638.38 million and ₹6,846.03 million and ₹0.00 million as at March 31, 2019 and 2018, respectively. The outstanding carrying value of loans derecognised on a consolidated basis for the same period was ₹1,403.81 million and ₹Nil million, respectively. As at March 31, 2017, the outstanding carrying value of loans securitized on a standalone basis was ₹Nil million and the outstanding carrying value of loans derecognised on a standalone basis was ₹Nil million. Any change in the RBI or other government regulations in relation to assignments securitisations by NBFCs could have an adverse impact on our assignment/ securitisation initiatives.

However, in the event the bank or NBFC does not realise the receivables due under loans that have been securitized, the relevant bank or NBFC can enforce the underlying credit enhancements assured by us. Further, any deterioration in the performance of any batch of receivables assigned to banks and NBFCs could adversely affect our credibility and therefore our ability to conduct further assignments and securitizations. We may also be named as a party in legal proceedings initiated by an assignee in relation to the securitized assets. Should a substantial portion of our securitized/ assigned loans be put back to us, it could have an adverse effect on our financial condition and results of operations.

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

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and the complexity of our operations. Our internal or concurrent audit functions are equipped to make an independent and objective 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 circular 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 volume of transactions, it is possible that errors may repeat or compound before they are discovered and rectified. For instance, our statutory auditor’s report for the year ended March 31, 2014 noted that our internal control system for rendering of services was inadequate as certain deficiencies had been noted in appropriating collections and recoveries in respect of loan balances to the respective client accounts. 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 suspicious transaction. If internal control weaknesses are identified, our actions may not be sufficient to 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, 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 material losses. Such instances may also adversely affect our reputation, thereby adversely impacting our business, results of operations and financial condition.

23. ***We depend on the accuracy and completeness of information provided by credit bureaus about clients and counterparties for our credit assessment and risk management. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance.***

To ascertain the creditworthiness of potential borrowers, we depend on credit information companies or credit bureaus, and our reliance on any misleading information may affect our judgment of credit worthiness of potential borrowers, which may affect our business, prospects, results of operations and financial condition. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business prospects, financial condition and results of operations.

Moreover, the availability of accurate and comprehensive credit information of our focus client segment in India is limited, which reduces our ability to accurately assess the credit risk associated with such lending. Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our NPAs, which could materially and adversely affect our business prospects, financial condition and results of operations.

24. ***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.

We will continue to be subject to inspections by the RBI, in the course of which the RBI may report on divergences (if any) from regulatory requirements applicable to NBFCs. For instance, in the past, the RBI has made observations in its inspection reports, *inter alia*, in relation to: (i) a difference in assessed NOF and reported NOF; (ii) variations in CRAR assessments; (iii) imposition of condition restricting the number of installments before which repayment can be made without incurring a penalty being against the spirit of the RBI instructions; (iv) the Company not putting in place policies in relation to the due diligence of the portfolio being purchased; (v) breach of limits on branch level cap for portfolio outstanding; (vi) pricing of our credit (MFI loans); (vii) issues in relation to systems and controls; (viii) issues in relation to the software programmes for processing loan proposals used by the Company; (ix) conflict in relation to certain related party transactions that the Company entered into; (x) supervisory concern in relation to the geographical exposure limit of the branches of the Company in the past; and (xi) functioning of internal audit teams of the Company. In relation to (vi) above, our Statutory Auditors in their audit report have drawn attention to an emphasis of matter regarding the uncertainty arising from an observation made by the RBI with regards to the Company's adherence to the pricing guidelines issued under the Master Directions and management's response thereto supported by external legal advice confirming compliance with the Master Directions. Pending outcome of the management's response to the RBI, no provision has been made. In relation to (vi) above, and other supervisory concerns raised by RBI pursuant to their inspection report dated March 28, 2019, the Company has submitted their response by way of a letter dated May 31, 2019.

While we have responded to the observations made by the RBI in its inspection reports on an ongoing basis, and have not received any adverse remarks following the submission of our responses in the past, there can be no assurance that we will be able to respond to the observations made by the RBI in its inspection report 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.

There can be no assurance that the RBI would not make adverse observations, including on divergences, in the future. 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.

Further, we are required to comply with certain periodic filing requirements under the Master Directions on a post facto basis after the completion of the Offer. These include, *inter alia*, obtaining prior approval of RBI in the event of any takeover, acquisition, change in shareholding by 26% or more (including any progressive increase over time), change in management resulting in change in 30% of the directors, maintaining a policy on fit and proper criteria for directors, furnishing quarterly statements in case of change in directors and a certificate from the Managing Director on compliance of fit and proper criteria within 15 days from the close of the respective quarter. In order to ensure compliance with the Master Directions, we may need to allocate additional resources, specifically to monitor these periodic filing requirements. Any inability or failure by us to comply with these directions, could subject us to penalties and restrictions which may be imposed by the RBI and may negatively impact our business, results of operations, financial condition and reputation.

Pursuant to a notification issued by the RBI on May 16, 2019, an NBFC with asset size of more than ₹50 billion is required to appoint a 'chief risk officer' who shall be required to function independently so as to ensure highest standards of risk management. RBI has not mentioned the time frame for such compliance. We have informed our Board on the said notification in a subsequent meeting of the Board. Our Company does not have a chief risk officer and the Company is in process of hiring a suitable person for the said position. The Company has a robust Risk Management Policy in place, and the Risk Management Committee of the Board monitors compliance with the policy periodically. In the future, any inability by us to make the appointment, may subject us to penalties imposed by the RBI and effectively mitigate our risks which may adversely affect our business.

25. ***We face the threat of fraud and cyber-attacks targeted at disrupting our services, such as hacking, phishing and trojans, and/ or theft of sensitive internal data or client information. This may cause damage to our reputation and adversely impact our business and financial results.***

Our systemic and operational controls may not be adequate to prevent adverse impact from frauds, errors, hacking and system failures. For details of our internal control systems, please see "*Our Business– Risk Management Policies and Procedures – Internal Control Systems*" on page 140 of this Prospectus. Further, our internet platforms are exposed to being hacked or compromised by third-parties, resulting in thefts and losses to our clients and us. Some of these cyber threats from third-parties include: (i) hacking – wherein attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; (ii) data theft – wherein cyber criminals may attempt to intrude into our network with the intention of stealing our data or information; and (iii) advanced persistent threat – a network attack in which an unauthorized person gains access to our network and remains undetected for a long period of time with an intention to steal our data or information. 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. If we become the target of any of such cyber-attacks, it could materially and adversely affect our business, financial condition and results of operations.

A significant system breakdown or system failure caused by intentional or unintentional acts would have an adverse impact on our revenue-generating activities and lead to financial loss. Further, since we review and retain, in our ordinary course of business, sensitive personal data of our clients for diligence and KYC checks (including AADHAAR data), any security breaches in our systems could give rise to regulatory liability or litigation. In addition, any breakdown, breach or hacking of the information technology platforms of key resources used by us in our lending operations, including credit-bureaus, could adversely affect our operations and the quality of our portfolio.

In June 2017, the RBI issued master directions on information technology frameworks for NBFCs. These directions 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. Any cyber-security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability.

26. ***We did not have adequate controls for managing our compliances as a result of which there have been non-compliances with respect to certain provisions of the Companies Act and corporate actions taken by us in the past.***

In the past, our controls and compliances for managing our secretarial records have been inadequate as a result of which there have been non-compliances with certain provisions of the Companies Act, 1956, and failure in maintaining certain corporate and regulatory records by our Company. For details of our internal control systems, please see "*Our Business – Risk Management Policies and Procedures – Internal Control Systems*" on page 140 of this Prospectus. For instance, in the past, we have not complied with the provisions of the Unlisted Public Companies (Preferential Allotment) Rules, 2003, as amended, with respect to certain allotments undertaken by us on a preferential basis. Further, in the past, we have declared dividend against OCCRPS which were issued pursuant to the terms and conditions of the Master Restructuring Agreement dated September 24, 2011 for certain years during which our Company was not profitable, which was not permitted under the provisions of the Companies Act, 1956. For details, see "*History and Certain Corporate Matters – Other Agreements*" and "*Capital Structure— History of Preference Share Capital*" on pages 162 and 78, respectively. This violation was subsequently compounded. In the past, there has been a period longer than six months during which our Company did not have a chief financial officer. This violation was subsequently compounded.

While no legal proceedings or regulatory action has been initiated against our Company in relation to the aforementioned non-compliances as of the date of this Prospectus, we cannot assure you that no legal proceedings or regulatory actions will be initiated against us in the future in relation to these non-compliances, which may have an adverse impact on our business, financial condition and reputation. Further, there can be no assurance that the non-compliance for which we have filed for compounding will be compounded in a timely manner or at all or that we will not be subjected to penalty or liabilities with respect to non-compliances under the Companies Act. The imposition of any liability on us on account of such non-compliances, including their re-occurrence, could adversely affect our business and reputation.

27. ***We handle cash in a high volume of transactions occurring through a dispersed network of branches; as a result, we are exposed to operational risks, including fraud, petty theft and embezzlement. Further, our employees may be the target of violent crime, such as thefts and robberies, which may adversely affect our business, operations and our ability to recruit and retain employees.***

As we handle a large amount of cash through a high volume of transactions taking place across our branch network, we are exposed to the risk of fraud or other misconduct by employees, third parties or any outsiders. For details of our cash management policies, please see "*Our Business – Risk Management Policies and Procedures - Cash Management Risk – Operational Risk*" on page 140 of this Prospectus. This risk is further exacerbated by the high level of autonomy on the part of our loan officers and back-end managers, which our business model requires. In addition, we do not have a cash-in-transit insurance policy, which also exacerbates the risk.

In the past, we have discovered a few cases of theft and fraud by either third parties or employees. In the year ended March 31, 2018, there were instances of cash embezzlement amounting to ₹0.24 million and fake loans amounting to ₹6.54 million. In the year ended March 31, 2019, there were instances of cash embezzlement amounting to ₹2.16 million and fake loans amounting to ₹18.26 million.

Fraud and other misconduct can be difficult to detect and deter. Given the high volume of transactions we process on a daily basis, certain instances of fraud and misconduct may go unnoticed or may only be discovered and successfully rectified after substantial delays. Even when we discover such instances of fraud or theft and pursue them to the full extent of the law or with our insurance carriers, there can be no assurance that we will recover any of the amounts involved in these cases. Our reputation could be adversely affected by fraud committed by employees, clients or outsiders, or by our perceived inability to properly manage fraud-related risks. We make a provision/ write off in our financial statements for 100% of the value of any fraud discovered by us in the period in which they are discovered or reported. Further, to the extent that our employees are subject to violent attacks, theft or robbery in the course of their duties, our ability to service such areas will be adversely affected and our employee recruiting and retention efforts may be curtailed, which would negatively impact our expansion and growth plans. In addition, if certain areas of India pose a significantly higher risk of crime or political strife and instability, our ability to service such areas will be adversely affected and our expansion and growth may be curtailed. 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 those systems will result in losses that are difficult to detect.

28. ***Our insurance coverage may not be adequate to protect us against all potential losses, which may have a material 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 theft, robbery, acts of terrorism and other force majeure events. None of our insurance policies are assigned in favor of any third-party. We may not have identified every risk and further may not be insured against every risk, including operational risk that may occur and the occurrence of an event that causes losses in excess of the limits specified in our policies, or losses arising from events or risks not covered by insurance policies or due to the same being inadequate, could materially harm our financial condition and future results of operations. There can be no assurance that any claims filed will be honored fully or timely under our insurance policies. Also, our financial condition 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 particular, we do not maintain direct insurance coverage over our loan portfolio. 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.

29. ***We depend on our brand recognition, and failure to maintain and enhance awareness of our brand would adversely affect our ability to retain and expand our base of clients.***

We own trademark registration of our brand names, "Spandana Sphoorty", "SSFL", as well as an image consisting of coined word "Spandana" with emblem. We believe that any damage to our reputation could substantially impair our reputation and our ability to maintain or grow our business, or have a material adverse effect on our overall business, financial condition and results of operations. If we fail to maintain brand recognition with our target clients 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 brands under which our services are provided declines, market perception and client acceptance of our brands 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 clients effectively, and our business, financial condition and results of operations may be adversely affected.

In addition, we also face the risk of our brand name being misused for fraudulent purposes, which may adversely affect our reputation.

30. ***The examination report of our Statutory Auditors on the Restated Financial Statements makes references to certain qualifications and emphasis of matter.***

In their examination report on our Restated Financial Statements, our Statutory Auditors have made references to certain audit qualifications included in the auditors' report pursuant to Rule 11(d) of Companies (Audit and Auditors) Amendment Rules, 2017 on the standalone financial statements for the year ended March 31, 2017 and annexures to the auditors' reports issued under the Companies (Auditor's Report) Order, 2016, 2015 and 2003, as applicable, on the standalone financial statements for the years ended March 31, 2018, 2017, 2016, 2015 and 2014. These qualifications include undisputed statutory dues including provident fund, employees' state insurance, income tax, and other statutory dues have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious, delay in repayment of loans or borrowings to a financial institution during certain financial years, and for the year ended March 31, 2017 receipt of an amount aggregating ₹564.10 million in specified bank notes from transactions which were not permitted. For further details of these qualifications, see the examination report of our Statutory Auditors in the section "*Financial Information – Financial Statements*" on page 202.

In addition, our Statutory Auditors have in their audit report have drawn attention to an emphasis of matter regarding the uncertainty arising from an observation made by the RBI with regards to the Company's adherence to the pricing guidelines issued under the Master Directions and management's response thereto supported by external legal advice confirming compliance with the Master Directions. Pending outcome of the management's response to the RBI, no provision has been made.

Investors should consider these matters while evaluating our financial position, cash flows and results of operations.

31. ***We rely on third-party service providers who may not perform their obligations satisfactorily or in compliance with law or may discontinue providing service which may adversely impact our operations.***

We enter into arrangements with third-party vendors, separate employees and independent contractors to provide services that include, among others, telecommunications infrastructure services 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. On November 9, 2017, the RBI issued the '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 the activities outsourced by them. In this regard, NBFCs are required to put in place a comprehensive, board-approved outsourcing policy which 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/ agreements with group entities, e.g. sharing of premises, legal and other professional services, hardware and software applications etc., the 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 (for example, premises and personnel). Further, a central record of all material outsourcing that is readily accessible for review by the board and senior management of the NBFC shall be maintained, and records shall be updated promptly and half yearly reviews shall be placed before the board or risk management committee.

Further, certain of our agreements, including an agreement with a credit bureau, 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 materially and adversely affect our business, financial condition and results of operations.

32. ***We are subject to the risks associated with all our premises, including our Registered Office, being leased. If we are unable to renew existing leases or relocate our operations on commercially reasonable terms, there may be an adverse effect on our business, financial conditions and operations.***

Our Registered Office has been taken on lease from Spandana Rural and Urban Development Organization, one of our related parties, and almost all our branches operate from premises taken on lease and license basis. Termination of or failure to renew lease agreements with a fixed term of lease for these premises on terms and conditions favorable to us or at all, may require us to shift the registered and corporate office and the concerned branch offices to new premises, and we may incur substantial rent escalation and relocation costs as a result. This might adversely affect our business operations and make us incur additional expenses. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of the terms of the lease agreements.

33. ***Incorrect actuarial valuations of retirement benefits carried out by independent actuaries and/ or changes in our defined benefit gratuity plan's liabilities and obligations could have a materially adverse effect on our financial condition.***

We operate a defined benefit gratuity plan for eligible employees. Under the defined benefit plans, there is an obligation to pay defined future benefits from the time of retirement. The calculation of the net obligation is based on valuations made by external actuaries who are qualified to do such valuations and estimations. These valuations rely on assumptions about a number of variables, including discount rate and mortality rates and salary increases. While we carry out our own procedures, we rely on the valuations done by actuaries. Actuarial risk arises as estimated value of the defined benefit scheme liabilities may increase due to changes in actuarial assumptions.

In addition, the defined benefit gratuity plan is administered by a third party and funded with an insurance company in the form of qualifying insurance policy. Should the value of assets to liabilities in respect of the defined benefit scheme operated by us record a deficit, due to either a reduction in the value of the defined benefit gratuity plan's assets (depending on the performance of financial markets) and/ or an increase in the defined benefit gratuity plan's liabilities due to changes in legislation, mortality assumptions, discount rate assumptions, inflation, the expected rate of return on scheme assets, or other factors, this could result in us having to make increased contributions to reduce or satisfy the deficits which would divert resources from use in other areas of our business and reduce our capital resources.

34. ***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 a lot of emphasis on the effective training of our personnel in communication and service orientation skills. However, a failure to train and motivate our employees may lead to an increase in our employee attrition rates and erode the quality of client service. We employ 7,062 full-time employees as of June 30, 2019. There can be no assurance that there will not be any future disruptions in our operations due to any disputes with our employees. We depend on our branch-level employees for sourcing, disbursements and collections and client liaison, and significant attrition at any of our branches could adversely impact our operations.

Further, 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 materially and adversely affect our business, future financial performance and results of operations.

35. ***Our Company has granted certain rights to our Corporate Promoter and our Individual Promoter, pursuant to which there can be no assurance that the interests of our Corporate Promoter and our Individual Promoter will not conflict with the interest of our Company.***

Our Company has entered into amendment agreements dated April 16, 2018, June 21, 2018 and July 4, 2019 to the shareholders' agreement dated March 29, 2017, as amended (collectively, "**Amendment Agreements**"). Under the terms of the Amendment Agreements, post listing of the Equity Shares on the Stock Exchanges pursuant to the Offer, our Corporate Promoter and Individual Promoter shall continue to have certain special rights in relation to the nomination of directors on our Board and certain of the committees of our Board.

Under the Amendment Agreements, after the listing of the Equity Shares, subject to applicable law, and appropriate regulatory and corporate approvals, including but not limited to the approval of the Shareholders through a special resolution, our Corporate Promoter, Kangchenjunga, and our Individual Promoter, Padmaja Gangireddy, shall continue to have the rights; as mentioned above. Further, in terms of the Amendment Agreements, our Corporate Promoter and our Individual Promoter shall have the right to appoint such number of nominee directors based on the percentage of their shareholding in the share capital of our Company, appoint such nominee directors to certain committees of the Board such as the Audit Committee, the Risk Management Committee and the Nomination and Remuneration Committee; and the quorum for all Board meetings of our Company shall require at least one nominee director nominated by our Corporate Promoter.

These rights shall be available to our Corporate Promoter and our Individual Promoter provided the same are approved by the Shareholders in general meeting after the completion of the Offer. If these rights are approved by the Shareholders post-listing of the Equity Shares, our Corporate Promoter and our Individual Promoter may exercise significant control over the affairs and management of our Company. There can be no assurance that the interests of our Corporate Promoter and our Individual Promoter will not conflict with the interest of our Company.

36. ***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 there can be no assurance 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. We have not paid any dividends historically on our Equity Shares and there can be no assurance that we will be able to pay dividends in the future.

37. ***We may undertake strategic investments or divestments, acquisitions and joint ventures, which may not perform in line with our expectations.***

We may, depending on our management's view and market conditions, pursue strategic investments or divestments, undertake acquisitions and enter into joint ventures. For example, we recently acquired Criss Financial Holdings Limited, as our Subsidiary. For more details, see "*Our Business*" on page 129 and "*History – Summary of Key Agreements and Shareholders' Agreements*" on page 159.

We may in the future enter into various acquisitions including the acquisition of certain portfolios or accounts, in its entirety or part thereof, from other banks, NBFCs or other financial institutions. Since we may only be able to undertake limited diligence on the security and collateral of such acquired accounts, there are no assurances that the asset quality, creditworthiness of such borrowers or the security and collateral provided under these portfolios and accounts are of a similar level to our existing borrowers, portfolios or accounts. This may result in difficulties should any of such portfolios or accounts enter into default, which might materially adversely affect our business, financial condition and results of operations.

We cannot assure you that we will be able to undertake or continue such strategic investments or divestments, acquisitions (including by way of a merger, or share or asset acquisition) or joint ventures in the future, either on terms acceptable to us or at all. Moreover, we may require different regulatory approval for acquisitions, and we cannot guarantee that we will receive such approvals in a timely manner, or at all. Any inability to identify suitable acquisition targets or investments or failure to complete such transactions may adversely affect our competitiveness or growth prospects.

We may have future plans to be involved in new businesses, including complementary businesses, services and products, and we may enter into strategic partnerships or joint ventures with parties that we believe can provide access to new markets, technology, capabilities or assets.

These new businesses may subject us to many risks, and we can provide no assurances that any such ventures will be successful or meet our expectations. In addition, these new ventures may require different regulatory approvals, and we cannot assure you that we will be able to procure such approvals, either in a timely manner or at all. If these new ventures are not successful, we may suffer losses, dilute value to shareholders or may not be able to take advantage of appropriate investment opportunities or conclude transactions on terms commercially acceptable to us. These ventures may require significant investments of capital and we may not realize our expected (or any) returns on these investments. Our management may also need to divert its attention from our operations in order to integrate such new businesses, which may affect the quality of operational standards and our ability to retain the business of our existing clients. We could also have difficulty in integrating the acquired products, services, solutions, technologies, management and employees into our operations. We may face litigation or other claims arising out of our new businesses, including disputes with regard to additional payments or other closing adjustments. These difficulties could disrupt our ongoing business, distract our management and employees, and increase our expenses. As a result, our business, financial condition and results of operations could be materially adversely affected.

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

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this Prospectus (in particular in the section on Selected Statistical Information).). We have also presented the equity and profit figures under the Previous Indian GAAP even for 2019. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Transition from Previous Indian GAAP to Ind AS*" on page 382. Such equity and profit figures are non-GAAP measures. We compute and disclose such non-GAAP financial measures and other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. We have also included in this Prospectus financial information that may be different from those followed by other financial services companies. For further information, see "*Selected Statistical Information*" on page 193. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the financial services industry. Therefore, such information may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other NBFCs, NBFC-MFIs, SFBs and other financial services companies and accordingly prospective investors are cautioned not to place undue reliance on such non-GAAP financial measures, including the equity and our total profits under Previous Indian GAAP and certain other selected statistical information.

39. ***We have entered into, and will continue to enter into, related party transactions.***

In the ordinary course of our business, we enter into and will continue to enter into transactions with related parties. While we believe that all such related party transactions that we have entered into are legitimate business transactions conducted on an arms' length basis, there can be no assurance that we could not have achieved more favorable terms had such arrangements not been entered into with related parties. It is likely that we may enter into related party transactions in the future. Although all related party transactions that we may enter into post-listing, will be subject to Board or Shareholder approval, as necessary under the Companies Act, 2013 and the SEBI Listing Regulations, we cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties

For further details regarding our related party transactions, see "*Related Party Transactions*" on page 190.

40. ***We expect to be classified as a passive foreign investment company for U.S. federal income tax purposes.***

We expect to be classified as a passive foreign investment company (a "**PFIC**") for U.S. federal income tax purposes, which could result in materially adverse consequences, including additional tax liability and tax filing obligations, for a U.S. investor relative to an investment in a company that is not a PFIC.

EXTERNAL RISK FACTORS

Risks Relating to Regulations

1. ***We operate in a highly regulated environment.***

We operate in a highly regulated environment in which we are regulated by the RBI, the MCA, the Registrar of Companies and other domestic and international regulators. Accordingly, legal and regulatory risks are inherent and substantial in our business. As we operate under licenses or registrations obtained from appropriate regulators, we are subject to actions that may be taken by such regulators in the event of any non-compliance with any applicable policies, guidelines, circular, notifications and regulations issued by the relevant regulators.

Being regulated, we are subject to regular scrutiny and supervision by their respective regulators, such as regular inspections that may be conducted by the RBI. The requirements imposed by regulators are designed to ensure the integrity of the financial markets and to protect investors and depositors. Any non-compliance with regulatory guidelines and directions may result in substantial penalties and reputational impact, which may affect the price of our Equity Shares. Among other things, in the event of being found non-compliant, we could be fined or prohibited from engaging in certain business activities.

In addition, we are also exposed to the risk of us or any of our employees being non-compliant with insider trading rules or engaging in front running in securities markets. In the event of any such violations, regulators could take regulatory actions, including financial penalties against us and the concerned employees. This could have a materially adverse financial and reputational impact on us.

Any change to the existing legal or regulatory framework will require us to allocate additional resources, which may increase our regulatory compliance costs and direct management attention and consequently affect our business.

For more information, see "*Regulations and Policies*" on page 146.

2. ***Financial difficulty and other problems in certain financial institutions in India could materially and adversely affect our business, results of operations, financial condition and prospects.***

As a non-deposit taking NBFC-MFI, we rely on borrowings from banks, financial institutions and capital markets. In the recent past, certain NBFCs have faced financial difficulties, which have led to them defaulting on their borrowings. In particular, in the second half of 2018, issues around debt repayments at Infrastructure Leasing & Financial Services Limited led to heightened investor focus around the health of the broader NBFC sector as well as their sources of liquidity, which led to a tightening in liquidity available to NBFCs generally. Most recently, Dewan Housing Finance Corporation Limited's delayed bond payments resulted further concerns about the well-being of the NBFC sector generally. These events, a repeat of such an event or any similar events may lead to adverse perceptions about the NBFC sector as a whole or cause an instability in the Indian financial system generally. This in turn could have a material adverse impact on our borrowing capability and in turn, have a material adverse effect on our business, results of operations, financial condition and prospects.

3. ***We may be affected by competition laws, the adverse application or interpretation of which could adversely affect our business.***

The Competition Act, 2002, of India, as amended ("**Competition Act**") regulates, inter alia, practices having an appreciable adverse effect on competition in the relevant market in India ("**AAEC**"). Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and may result in the imposition of substantial 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 the provision of services or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or number of clients in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, the Government notified 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 notified 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 AAEC 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 AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. However, since we pursue an acquisition driven growth strategy, we may be 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.

4. ***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, and Retail Individual Investors are not permitted to withdraw their Bids after Bid/Offer Closing Date.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to block the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Similarly, Retail Individual Investors can revise or withdraw their Bids at any time during the Bid/Offer Period and until the Bid/Offer Closing Date, but not thereafter. Therefore, QIBs and Non-Institutional Investors will not be able to withdraw or lower their Bids following adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or otherwise at any stage after the submission of their Bids.

5. ***Our ability to raise foreign funds may be constrained by Indian law.***

As an Indian NBFC ND-SI, 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, there can be no assurance that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

6. ***Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, across the multiple jurisdictions we operate in may materially adversely affect our business and financial performance.***

Our business and financial performance could be materially adversely affected by changes in the laws, rules, regulations or directions applicable to us and our general and microfinance businesses, or the interpretations of such existing laws, rules and regulations, or the promulgation of new laws, rules and regulations.

The governmental and regulatory bodies may notify new regulations and/ or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, 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 a material adverse effect on our business, financial condition and results of operations.

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 investments in our Company by non-residents, could result in us being deemed to be in contravention of such laws and/ or may require us to apply for additional approvals.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, turnover tax, goods and service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. For instance:

- On February 23, 2018, the RBI released the 'Ombudsman Scheme for Non-Banking Financial Companies, 2018' ("**NBFC Ombudsman Scheme**"). Under the NBFC Ombudsman Scheme, any client or person can file a complaint with the ombudsman on various grounds like non-payment or inordinate delay in payment of interest, non-repayment of deposits, lack of transparency in loan agreement, non-compliance with RBI directives on fair practices code for NBFCs, levying of charges without sufficient notice to the clients and failure or delay in returning the securities documents despite repayment of dues etc. Where the ombudsman decides to allow the complaint, the Award passed shall contain the direction/s, if any, to the NBFC for specific performance of its obligations and in addition to or otherwise, the amount, if any, to be paid by the NBFC to the complainant by way of compensation for any loss suffered by the complainant, arising directly out of the act or omission of the NBFC. The ombudsman may, also award compensation not exceeding one hundred thousand rupees to the complainant, taking into account the loss of time, expenses incurred, harassment and mental anguish suffered by the complainant.

- The General Anti Avoidance Rules ("**GAAR**") came into effect from 1 April 2017. The tax consequences of the GAAR provisions being applied to an arrangement may result in a denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to us, it may have an adverse tax impact on us; and

- The Government of India has implemented a comprehensive national goods and services tax ("**GST**") regime with effect from 1 July 2017 that combines taxes and levies by the Central and State Governments into a unified rate structure. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If the tax costs associated with certain transactions because of a particular tax risk materializing are greater than anticipated, it could affect the profitability of such transactions.

The Government has announced the interim union budget for Fiscal 2020. Further, the Finance Act, 2019 (the "**Finance Act**") has made various amendments. The Finance Act stipulates the sale, transfer and issue of securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act has also 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.

Further, the Government has also announced the union budget for Fiscal 2020, pursuant to which the Finance (No.2) Bill, 2019 proposes to introduce various amendments. As such, there is no certainty on the impact that the Finance (No. 2) Bill, 2019 may have on our business and operations or on the industry in which we operate. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We 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 affect the viability of our current business or restrict our ability to grow our business in the future.

Further, as of June 30, 2019, we had a total of 7,062 full-time employees. Our full-time employees are employed by us and are entitled to statutory employment benefits, such as defined benefit gratuity plan, among others. In addition to our full-time employees, we empanel agencies for our outsourcing requirements and also engage persons on a contractual basis.

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.

A change of law that requires us to increase the benefits to the employees from the benefits now being provided may create potentially liability for us. Such benefits could also include provisions which reduce the number of hours an employee may work for or increase in number of mandatory casual leaves, which all can 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. If we fail to comply with current and future health and safety and labor laws and regulations at all times, including obtaining relevant statutory and regulatory approvals, this could materially and adversely affect our business, future financial performance and results of operations.

Risks Relating to India

1. ***Any deterioration in the general economic conditions in India and globally could adversely affect our business and results of operation***

Our results of operations and financial condition depend significantly on global macro-economic conditions and the health of the Indian economy.

We derive all our revenue from our operations in India and the performance and growth of our business is significantly dependent on the performance of the Indian economy. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, domestic and global political environment, volatility in interest rates, currency exchange rates, commodity and oil prices, volatility in inflation rates and various other factors. The RBI, in its recent monetary policy reviews, has indicated that inflation continues to be a concern. Accordingly, high rates of inflation in India may increase our employee costs and decrease our operating margins, which could have an adverse effect on our results of operations.

Risk management initiatives undertaken by financial institutions in order to remedy the global economic slowdown could affect the availability of funds in the future or cause the withdrawal of our existing credit facilities. Further the Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. An increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could also adversely affect our business, results of operations, financial condition and the trading price of the Equity Shares.

The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations and the market price of the Equity Shares.

2. ***India's existing credit information infrastructure may cause increased risks of loan defaults***

All of our business is located in India. India's existing credit information infrastructure may pose problems and difficulties in running a robust credit check on our borrowers. We may also face difficulties in the due diligence process relating to our clients or to any security or collateral we take in relation to our loans. We may not be able to run comprehensive searches relating to the security and there are no assurances that any searches we undertake will be accurate or reliable. Hence, our overall credit analysis could be less robust as compared to similar transactions in more developed economies. Any inability to undertake a comprehensive due diligence or credit check might result in an increase in our NPAs and we may have to increase our provisions correspondingly. Any of the foregoing may have a material adverse effect on our business, financial condition and results of operations.

3. ***Any adverse change in India's credit rating by an international rating agency could materially adversely affect our business and profitability.***

India's sovereign rating is Baa2 with a "stable" outlook (Moody's), BBB-with a "stable" outlook (S&P) and BBB-with a "stable" outlook (Fitch). Any adverse change in India's credit ratings by international rating agencies may adversely impact the Indian economy and consequently our business.

4. ***Any volatility in exchange rates may lead to a decline in India's foreign exchange reserves and may affect liquidity and interest rates in the Indian economy, which could adversely impact us.***

Foreign inflows into India have remained extremely volatile responding to concerns about the domestic macroeconomic landscape and changes in the global risk environment. The widening current account deficit has been attributed largely to the surge in gold and oil imports.

The Indian rupee also faces challenges due to the volatile swings in capital flows. Further, there remains a possibility of intervention in the foreign exchange market to control volatility of the exchange rate. The need to intervene may result in a decline in India's foreign exchange reserves and subsequently reduce the amount of liquidity in the domestic financial system. This in turn could cause domestic interest rates to rise.

Further, increased volatility in foreign flows may also affect monetary policy decision making. For instance, a period of net capital outflows might force the RBI to keep monetary policy tighter than optimal to guard against any abnormal currency depreciation.

5. ***Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries would negatively affect the Indian market where our Equity Shares trade and lead to a loss of confidence and impair travel, which could reduce our clients' appetite for our products and services.***

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares are proposed to be listed and traded. In addition, any deterioration in relations between India and its neighbors might result in investor concern about stability in the region, which could materially adversely affect the price of our Equity Shares.

Civil unrest in India in the future as well as other adverse social, economic and political events in India could have an adverse impact on us. Such incidents also create a greater perception that investment in Indian companies involves a higher degree of risk, which could have an adverse impact on our business and the trading price of our Equity Shares.

6. ***It may not be possible for investors outside India to enforce any judgment obtained outside India against our Company or our management or any of our associates or affiliates in India, except by way of a suit in India.***

Our Company is incorporated as a public limited company under the laws of India and all of our directors and executive officers reside in India. Further, certain of our assets, and the assets of our executive officers and directors, may be located in India. As a result, it may be difficult to effect service of process outside India upon us and our executive officers and directors or to enforce judgments obtained in courts outside India against us or our executive officers and directors, including judgments predicated upon the civil liability provisions of the securities laws of jurisdictions outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which includes the United Kingdom, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Indian Code of Civil Procedure, 1908 ("**Civil Code**"). 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 favour such final judgment is rendered may bring a fresh suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment. Further, there are considerable delays in the disposal of suits by Indian courts. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to repatriate any amount recovered pursuant to the execution of the judgment.

7. ***We are subject to regulatory, economic, social and political uncertainties and other factors beyond our control.***

We are incorporated in India and we conduct our corporate affairs and our business in India. Our Equity Shares are proposed to be listed and traded on BSE and NSE. Consequently, our business, operations, financial performance and the market price of our Equity Shares will be affected by the following external risks, should any of them materialize:

- changes in exchange rates and controls;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- political instability, resulting from a change in government or in economic and fiscal policies;
- civil unrest, acts of violence, regional conflicts or situations or war may adversely affect the financial markets;
- changes in government policies, including taxation policies, social and civil unrest and other political, social and economic developments in or affecting India; or
- natural calamities and force majeure events.

The Government of India has exercised and continues to exercise significant influence over many aspects of the Indian economy. Indian governments have generally pursued policies of economic liberalization and financial sector reforms, including by relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant and we cannot assure you that such liberalization policies will continue. A significant change in India's policy of economic liberalization and deregulation or any social or political uncertainties could adversely affect business and economic conditions in India generally and our business and prospects.

India has in the past experienced community disturbances, strikes, riots, terror attacks, epidemics and natural disasters. India has also experienced natural calamities such as earthquakes, tsunamis, floods and drought in the past few years. There can be no assurance that we will not be affected by natural or man-made disasters in India or elsewhere in the future. These acts and occurrences could have an adverse effect on the financial markets and the economy of India and of other countries, thereby resulting in a loss of business confidence and a suspension of our operations, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

8. ***A third party could be prevented from acquiring control of our Company 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 our Company. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the Indian takeover regulations.

9. ***Significant differences exist between Previous Indian GAAP, Ind AS and other accounting principles, such as U.S. GAAP and International Financial Reporting Standards ("IFRS"), which investors may be more familiar with and may consider material to their assessment of our financial condition.***

Our restated financial statements for Fiscals 2015 and 2016 are prepared in accordance with Previous Indian GAAP and our restated financial statements for Fiscals 2017, 2018 and 2019 are prepared in accordance with Ind AS. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Transition from Previous Indian GAAP to Ind AS"* on page 382. No attempt has been made to reconcile any of the information given in this document to any other principles or to base it on any other standards. Previous Indian GAAP and Ind AS differ in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our restated financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

Risks Relating to the Offer and Investments in our Equity Shares

1. ***The requirements of being a listed company may strain our resources.***

We are not a listed company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the Listing Regulations which will require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies.

Further, as a listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required. As a result, our management's attention may be diverted from our business concerns, which may adversely affect our business, prospects, financial condition and results of operations. In addition, we may need to hire additional legal and accounting staff with appropriate experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

2. ***Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by major shareholders may adversely affect the trading price of the Equity Shares.***

After the completion of the offer, our Promoters will own, directly and indirectly, approximately 72.99%* of our outstanding Equity Shares. Any future equity issuances by us, including in a primary offering, may lead to the dilution of your shareholdings. Any future equity issuances by us or sales of our Equity Shares by major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. There can be no assurance that our Company will not issue shares or that our significant shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

**Subject to finalization of Basis of Allotment*

3. ***Investors would be subject to Indian taxes arising out of capital gains on the sale of listed Equity Shares. The Finance Act, 2018 levies taxes on long term capital gains exceeding ₹100,000 arising from sale of equity shares on or after April 1, 2018, while there is no tax charged on unrealized capital gains earned up to January 31, 2018 on equity shares.***

Under current Indian tax laws, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. Earlier, any gain realized on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months was not subject to long term capital gains tax in India if Securities Transaction Tax ("**STT**") was paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or after October 1, 2004, except in the case of such acquisitions of equity shares which were not subject to STT, as notified by the Central Government under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, the Finance Act, 2018, has now levied taxes on such long term capital gains arising from sale of listed Equity Shares on or after April 1, 2018. However, where specified conditions are met, such long term capital gains are only taxed to the extent they exceed INR 100,000 and unrealized capital gains earned up to January 31, 2018 are not sought to be taxed, pursuant to the provisions of Section 55(2)(ac) of the Income Tax Act. Accordingly, you will be subject to payment of long term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India.

Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

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

Our Articles, the instructions issued by the RBI, and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a bank or corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction.

5. ***The Offer Price of the Equity Shares is not indicative of the market price of the Equity Shares after the Offer. Further, our GCBRLMs and BRLMs have previously handled issues wherein the market price of shares have been below the issue price of such shares and there can be no assurance that the market price of the Equity Shares after the Offer will be equal to or higher than the Offer Price.***

The Offer Price of the Equity Shares has been determined by our Company and Selling Shareholders in consultation with the GCBRLMs and BRLMs through the Book Building Process. This price was based on numerous factors, including the basic and diluted earnings per share, price earnings ratio in relation to the offer price per equity share of the face value, comparison with listed industry peers and return on net worth as described under "*Basis for Offer Price*" on page 95, and may not be indicative of the market price for the Equity Shares after the Offer and it may decline below the Offer Price. The market price of the Equity Shares could be subject to significant fluctuations after the Offer and may decline below the Offer Price. Further, the GCBRLMs and BRLMs have previously handled issues wherein the market price of the issued shares declined below the issue price of shares in such issues within 30 days of their listing and in certain cases continued to trade at a price lower than their listing price on the 180th day from their listing. We cannot, therefore, assure you that the investor will be able to resell their Equity Shares at or above the Offer Price.

For further details regarding the track record of past issues handled by each of the GCBRLMs and BRLMs, see "*Other Regulatory and Statutory Disclosures – Price Information of Past Issues handled by the GCBRLMs and BRLMs"* on page 422. We cannot assure you that the investor will be able to resell their Equity Shares at or above the Offer Price.

6. *The market value of the Equity Shares may fluctuate due to the volatility of the Indian securities markets.*

Indian securities markets may not be comparable to, the securities markets in certain countries with more developed economies and capital markets than India. Indian stock exchanges have, in the past, experienced fluctuations in the prices of listed securities. Indian stock exchanges may have experienced problems which, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. In addition, the governing bodies of Indian stock exchanges have, from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Further, from time to time, disputes may have occurred between listed companies, stock exchanges and other regulatory bodies, which in some cases may have a negative effect on market sentiment.

Prominent Notes

1. Initial public offer of 14,029,622 Equity Shares of face value ₹10 each for cash at a price of ₹856 each (including a share premium of ₹846 per Equity Share) aggregating to ₹12,009.36* million comprising of a Fresh Issue of 4,672,897* Equity Shares aggregating to ₹4,000.00 million by our Company and an Offer for Sale of 9,356,725* Equity Shares aggregating to ₹8,009.36 million by the Selling Shareholders in terms of the Red Herring Prospectus and this Prospectus. The Offer was made in terms of Rule 19(2)(b)(iii) of SCRR.
   **Subject to finalization of Basis of Allotment*

2. Our net worth for Shareholders as on March 31, 2019 was ₹18,863.74 million and ₹18,894.36 million, as per our Restated Standalone Financial Information and Restated Consolidated Financial Information, respectively. For details, see "*Financial Statements*" on page 202.

3. Our net asset value per Equity Share was ₹316.33 and ₹316.84 as at March 31, 2019, as per our Restated Standalone Financial Statements and Restated Consolidated Financial Statements, respectively.

4. As certified by Karvy & Co., Chartered Accountants, having firm registration number 001757S, pursuant to their certificate dated July 15, 2019, the average cost of acquisition of Equity Shares by our Promoters and other Selling Shareholders is:

Name of the Promoter	Number of Equity Shares held	Average cost of acquisition (in ₹)
Padmaja Gangireddy	11,670,067	108.96
Kangchenjunga	35,270,269	237.47

Name of the Selling Shareholder	Number of Equity Shares held	Average cost of acquisition (in ₹)
Kedaara AIF 1	766,815	237.47
Valiant	4,632,570	279.21
Helion	731,136	322.81
Helion II	785,135	304.05
VSRRV	1,491,483	3.33

5. There has been no financing arrangement whereby our Promoter Group, the Directors of our Company and their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with SEBI.

6. For details of related party transactions entered into by our Company in the last fiscal year, including the nature and cumulative value of the transactions, see "*Related Party Transactions*" on page 190.

7. There has been no change in the name of our Company during the last three years.

Bidders may contact any of the GCBRLMs and the BRLMs as well as the Registrar to the Offer for any complaint pertaining to the Offer. For details of the GCBRLMs, the BRLMs and the Registrar to the Offer, see "*General Information*" on page 67.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

*All the information contained in this chapter is derived from the ICRA Research report titled "Indian Microfinance Sector" published in July 2019 ("**ICRA Report**"). Neither we, nor any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

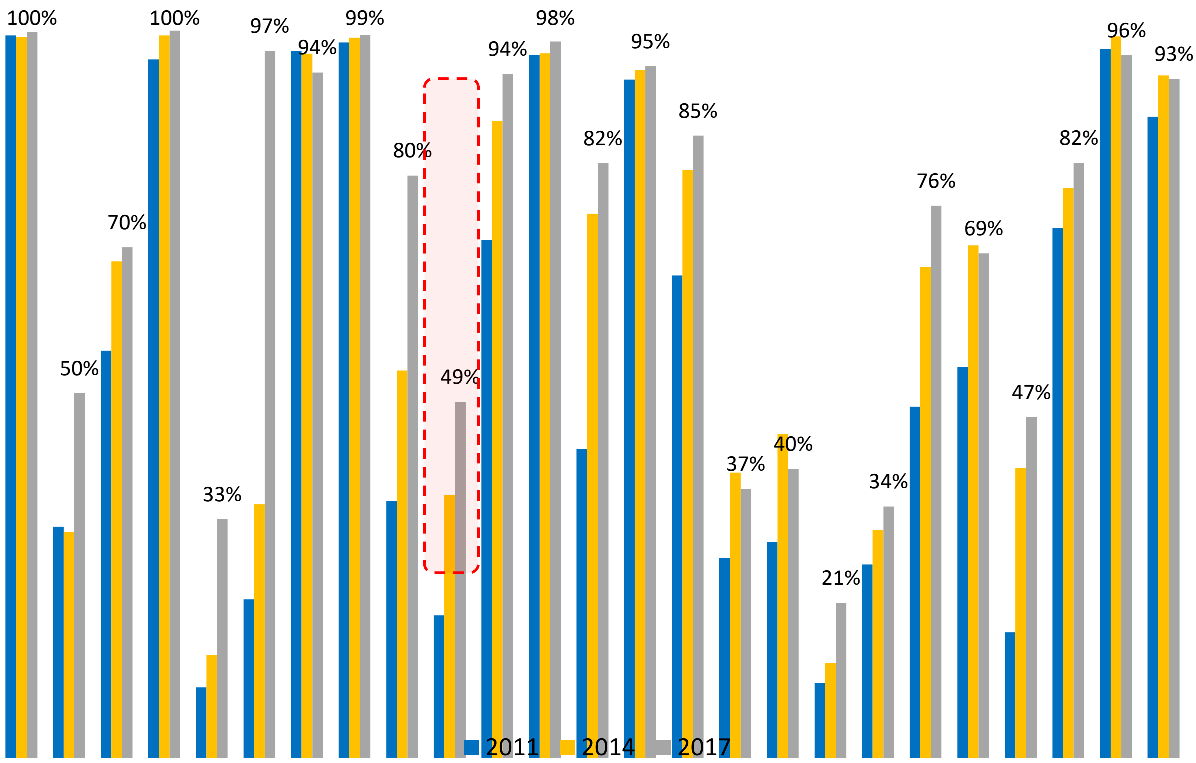
Financial Inclusion

Current scenario and key developments

The Committee on Financial Inclusion, chaired by Dr. C. Rangarajan, defines financial inclusion as the process of ensuring affordable access to financial services and timely and adequate credit when needed by vulnerable groups of society. Financial inclusion promotes economic development and reduces poverty as access to financial services makes it easier for people to manage their savings, prepare for emergencies and protect their health. Therefore, promoting financial inclusion has been a key priority for various development banks and nations.

Between 2014 and 2017, approximately 515 million adults worldwide opened an account at a financial institution or through a mobile money provider, which led to an increase in account ownership among adults from 51% in 2011 to 62% in 2014, and further to 69% in 2017. The share of adults with a bank account in India has more than doubled to approximately 80% since 2011, largely supported by the Pradhan Mantri Jan Dhan Yojana ("**PMJDY**") (a scheme of the government of India), which led to account growth and traction in savings. However, while significant traction is present on the deposit side, ICRA Research notes that India is still among the Top 3 nations with unbanked people in the world, reflecting the strong need for an enhancement of the financial inclusion agenda.

Trends in account ownership status for key countries across the world



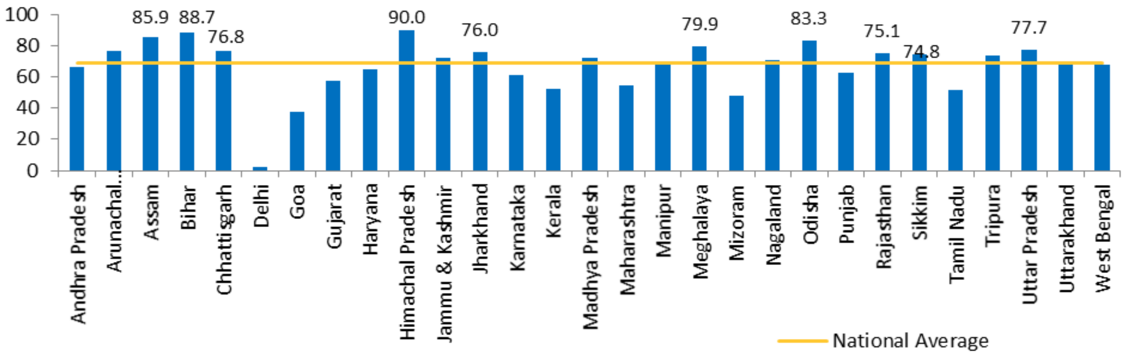
Source: Global Findex Report 2017

Rural areas account for almost half of NDP, but only 10% of banking credit

According to 2011 Census of India, there were about 640,000 villages in rural India and close to 68% of the total population residing in them. Rural India accounted for about 47% of the Net Domestic Product ("**NDP**") but only 10% of the country's total credit in comparison to 90% for urban India, which only contributed to 53% of the country's NDP, as of 2011.

Low penetration of banking credit in rural areas

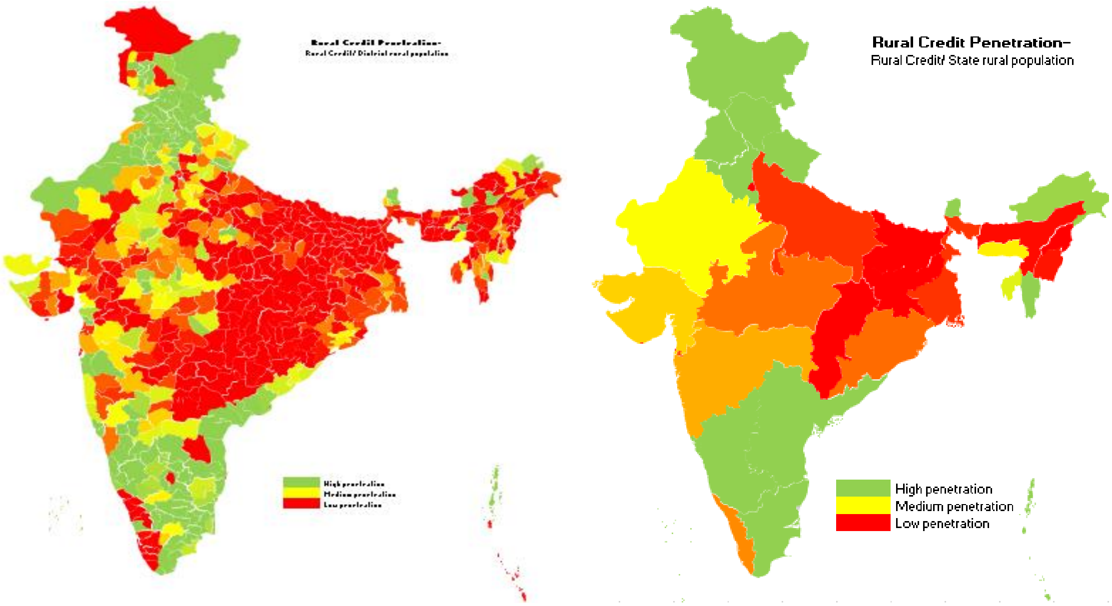
State-wise share of rural population (%) (Census 2011)



Source: rural.nic.in

As against the national average of the share of rural population in India of 68.8%, the share of rural population in certain states is significantly higher at 88.7% in Bihar, 83.3% in Odisha, 90.0% in Himachal Pradesh, 77.7% in Uttar Pradesh and 76.8% in Chhatisgarh. In most of these states where the average rural population is higher than the national average, the credit penetration also has been correspondingly lower.

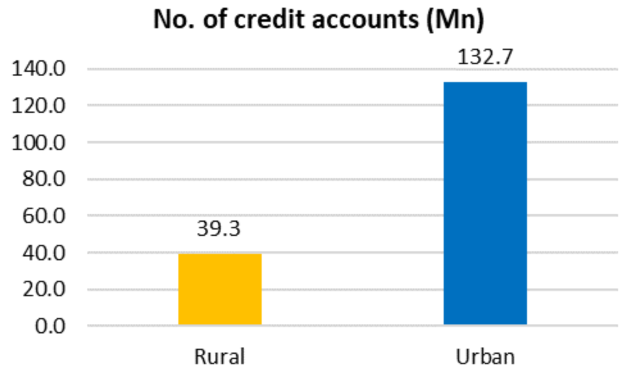
Credit penetration in rural areas – districts and states

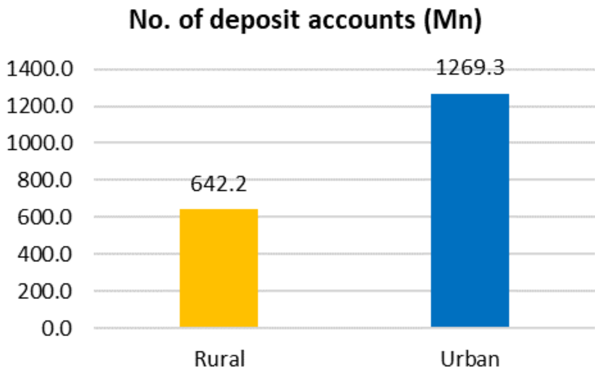


Note: This data pertains only to Bank credit penetration – FY2018; high penetration being 1.5x of national average and low penetration being 0.5x of national average
Source: RBI

Even though southern states have a fairly healthy rural credit penetration, Uttar Pradesh and eastern states like Assam, Bihar, Jharkhand, West Bengal and Orissa are under penetrated, thus providing scope for microfinance players.

Comparison of number of credit and deposit accounts – Rural and urban (March 2017)





Source: RBI statistical table on outstanding credit and deposit of Scheduled Commercial Banks according to population group;
Note: Urban includes semi-urban, urban and metropolitan

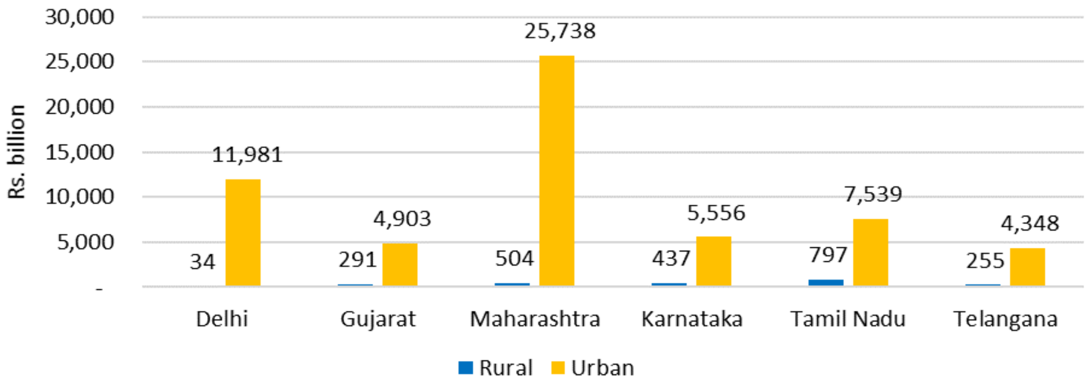
As of March 2018, there were only about 642 million deposit accounts and 39 million credit accounts in rural India, which accounted for about 34% of the total deposit accounts and 23% of the loan accounts in scheduled commercial banks despite rural India making up about 68% of the total population. The significant under-penetration of credit in rural areas offers strong potential for improvement. Given that microfinance institutions ("**MFIs**") have relatively deeper reach, existing customer relationships and employee bases, they are well placed to address this demand which is currently being met by informal sources of funds such as local money lenders.

Large variations in availability of credit across states and districts

According to ICRA Research, a common feature among states with credit outstanding of more than ₹4.00 trillion and states with credit outstanding of less than ₹4.00 trillion is the sizeable gap between the credit outstanding in rural areas and urban areas. In most states, the credit outstanding in urban areas outweighed that of rural areas by multiple times, which indicates the extent of deficiency of credit availability in rural areas. While the Reserve Bank of India ("**RBI**") and the government of India have been taking steps to improve credit availability in rural areas, the gap remains substantial. This offers significant potential for private players to serve this unmet demand. In particular, MFIs with deep reach in rural areas are better placed to deliver credit to the largely underserved segment in the country. Given the lack of organised financial aid to this segment of the society, for many of whom the alternate source of funds is money lenders who charge exorbitant rates. Hence, ICRA Research observes that the general inclination of borrowers to default on these loans is low.

Increasingly, several MFIs have shown a greater focus on the urban poor in the quest for better operating efficiency owing to ease of management. However, ICRA Research notes that the MFIs with strong branch infrastructure in rural areas that continue to focus on the credit-starved rural segment would stand to benefit from the growth potential offered by the rural segment.

State-wise Credit Outstanding – Rural and Urban – December 2018 (Total credit > ₹4.0 trillion)



Source: RBI

Key steps taken by government to boost financial inclusion

The RBI and the government of India have launched various schemes for improving the penetration of credit, banking services, insurance and other social security programmes over the past three to four years. For example, the launch of the Stand-Up India Scheme, various new government-backed insurance schemes, the establishment of the PMJDY, and the Micro Units Development & Refinance Agency Ltd (MUDRA).

Some major steps taken by the government to increase financial inclusion are:

1. **PSL Requirements:** The RBI has set priority sector lending ("**PSL**") target for banks, which are aimed at providing access to financial services to borrowers with modest credit profiles. PSL loans include loans to farmers for agriculture and allied activities, poor people for housing, and students for education. Social infrastructure and renewable energy are also eligible categories under this mechanism. The total PSL target for banks is currently 40% of the adjusted net bank credit ("**ANBC**") or credit equivalent amount of off-balance sheet exposure, whichever is higher. As per the RBI, these sub-divisions include:

   - **Agriculture:** Generally, all scheduled commercial banks are to extend 18% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher, towards agricultural purposes. Within the 18% target for agriculture, a sub-target of 8% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher, is prescribed for small and marginal farmers.

   - **Micro enterprises:** 7.5% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher, for all scheduled commercial banks should be given to micro enterprises.

   - **Advances to weaker sections:** 10% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher, needs to be extended to weaker sections.

   - **Education loans:** Education loans (including loans for vocational courses) of up to ₹1 million will be made eligible for the priority sector irrespective of the sanctioned amount.

   - **Social infrastructure:** Bank loans of up to ₹50 million per borrower will be provided for building social infrastructure for activities, namely schools, healthcare facilities, drinking water facilities and sanitation facilities in Tier II to Tier VI centers.

   - **Renewable energy**: Bank loans of up to ₹150 million per borrower will be provided for purposes such as solar-based power generators, biomass-based power generators, wind mills, micro-hydel plants and for non-conventional energy-based public utilities *viz* street lighting systems and remote village electrification. For individual households, the loan limit will be ₹1 million per borrower.

   The RBI permitted continuation of the priority sector status to MFIs vide its circular in May 2011. According to ICRA Research, the continuation of priority sector benefit to MFIs was instrumental in the resumption of credit flow to the sector. Further, RBI guidelines have also forced MFIs to adopt customer friendly policies, strong origination practices, target newer areas with lower penetration and rein in their operating expenses.

   The continuation of PSL status for NBFC-MFIs and allowing NBFC-MFIs to act as business correspondents for banks augurs well for funding profile of NBFC MFIs. Further NBFC MFIs also have opportunities to raise off balance sheet funding through business correspondent model, securitization and assignments as a significant proportion of underlying portfolios which would quality under the key categories of PSL targets.

2. **Pradhan Mantri Jan Dhan Yojana:** PMJDY was launched on August 28, 2014 as a National Mission for Financial Inclusion, to ensure access to basic financial services such as banking accounts, remittance, credit, insurance and pensions in an affordable manner. An economic survey for year ended March 31, 2019, found that approximately Rs 1.0 trillion is deposited in over 350 million accounts opened under PMJDY.

Small Finance Banks: On September 16, 2015, the RBI granted "in principle" approval to ten applicants, of which seven were non-banking finance companies – microfinance institutions ("**NBFC-MFIs**") to set up Small Finance Banks ("**SFBs**"). Such a scheme is likely to increase financial inclusion as the new licensees now have the ability to offer full range of services such as deposits and a diversified asset mix as opposed to a singular primary credit product (for NBFC-MFIs). With a view to further enhance access to banking facilities to small borrowers and to encourage competition, the RBI is in the process of issuing Draft Guidelines for "on tap" Licensing of Small Finance Banks by August 2019. The ability to offer a full range of services, reduced political risk, opportunities to cross-sell, and better regulatory supervision by the RBI and liquidity support are some of the positives. However, these new players will still face key challenges in the form of deposit mobilization and diversification of asset mix.

SUMMARY OF OUR BUSINESS

*The following information should be read together with the more detailed financial and other information included in this Prospectus, including the information contained in "**Our Business**", "**Industry Overview**", "**Risk Factors**", "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Financial Statements**" on pages 129, 100, 18, 370 and 202, respectively.*

Overview

We are a leading, rural focused NBFC-MFI with a geographically diversified presence in India. We offer income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas. As of March 31, 2019, we were the fourth largest NBFC-MFI and the sixth largest amongst NBFC-MFIs and SFBs in India, in terms of AUM (*Source: ICRA Research; see "Industry Overview – Competitive Benchmarking"* on page 119). Further, according to ICRA Research, our operating expense to average managed assets ("**AMA**") ratio was better than the industry as a whole for Fiscal 2019.

Through our extensive corporate history, we have developed an in-depth understanding of the borrowing requirements of the low-income client segment. Our business model involves regular client meeting processes through our employees, who maintain contact with our clients across the districts that we cover. As of June 30, 2019, we had 7,062 employees (including 5,051 credit assistants) operating out of 929 branches in 269 districts across 16 states and 1 union territory in India. Through our loan products and client-centric approach, we endeavour to strengthen the socio-economic well-being of low-income households by providing financing on a sustainable basis in order to improve livelihoods, establish identity and enhance self-esteem.

We were incorporated as a public company in 2003 and registered as an NBFC with the RBI in 2004. Subsequently, we registered as an NBFC-MFI in 2015. Between the years 2005 to 2010, we grew our micro-finance operations and, as of March 2010, we were the second largest MFI in terms of AUM (*Source: ICRA Research*).

In October 2010, the MFI industry (including us) was severely impacted due to external regulatory action, as the government of the formerly unified Andhra Pradesh promulgated the AP Microfinance Ordinance 2010, which enforced several restrictions on the operations of MFIs (for details, see "*Industry Overview – Historical Growth and Development of the Microfinance Industry – Andhra Pradesh (AP) Ordinance (2010)*"). This severely impacted our collections and the consequent cash-flow shortage impacted our ability to service our debt, which in turn impaired our growth and profitability. Our lenders referred us to the corporate debt restructuring ("**CDR**") mechanism of the RBI to develop a plan to restructure our borrowings and revive our business. We agreed on a CDR plan with our lenders, which allowed us to get cash-flow relaxations to enable us to continue our efforts towards portfolio diversification, process improvement and cost rationalization. These measures helped us turn our operations profitable from the year ended March 31, 2014.

Further during the time that we were under CDR, we deployed efforts to recover dues in AP, such as continuing to keep our branches open and continuing to engage with borrowers. Our operations turned profitable in the year ended March 31, 2014 and we went on to make profits for four consecutive years while operating under the CDR mechanism. Our restated standalone profit after tax (under Previous Indian GAAP) was ₹1,050.99 million and ₹2,432.35 million for Fiscals 2015 and 2016. Our restated standalone profit for the period (under Ind AS) was ₹4,434.14 million, for Fiscal 2017, and our restated consolidated profit for the period (under Ind AS) for Fiscals 2018 and 2019 was ₹1,879.46 million and ₹3,119.00 million. As a result of our collections from the old AP portfolio and the profits generated from our operations in other states, we were able to restructure our outstanding debt as well as raise refinancing debt from our existing CDR lenders. We also received capital infusion from Kangchenjunga, our Corporate Promoter, and Kedaara AIF – 1, which enabled us to exit from CDR mechanism successfully in March 2017 with approvals from the RBI and our lenders. ICRA Research notes that we were one of only two major companies that were able to successfully exit from CDR.

Post our exit from CDR in March 2017, we increased our lender base, diversified our borrowings to new banks and NBFCs and also issued NCDs in the capital markets (leading to a reduction in Average Effective Cost of Borrowing from 16.31% for Fiscal 2017 to 14.74% for Fiscal 2018 and further to 12.84% for Fiscal 2019). As a result, during Fiscal 2018, with increasing flow of capital, we expanded our operations and were able to effectively utilize our existing branch network and employees (that were earlier underutilized due to lack of capital). Prior to our exit from CDR in 2017, we had limited access to capital, due to which we were able to offer loans in lower ticket sizes than the demand from our clients. According to ICRA Research, we had the lowest portfolio per branch amongst peer comparison of major NBFC-MFIs and SFBs, as of March 31, 2017. Post exit from CDR, we were able to optimize the ticket sizes and also acquire new clients at existing and new branches. This helped us grow our Gross AUM in Fiscal 2018 at one of the highest rates (143.8%) among large NBFC-MFIs in India (*Source: ICRA Research; see "Industry Overview – Competitive Benchmarking"* on page 119). Over Fiscals 2018 and 2019, our Disbursements increased by 87.34% and 28.82% (from ₹20,591.65 million as of March 31, 2017 to ₹38,576.48 million as of March 31, 2018 and to ₹49,692.83 million as of March 31, 2019) and our standalone Gross AUM was ₹13,015.36 million as of March 31, 2017 and our consolidated Gross AUM grew from ₹31,667.85 million as of March 31, 2018 and to ₹44,372.78 million as of March 31, 2019. For further details, please see "*Selected Statistical Information*" on page 193.

The following table sets forth our key financial and operational metrics as of or for the periods indicated:

	As of / For the		
	Year ended March 31, 2019 (consolidated)	**Year ended March 31, 2018 (consolidated)**	**Year ended March 31, 2017 (standalone)**
	(₹ in millions, except percentages and number of borrowers)		
Gross AUM(1)	44,372.78	31,667.85	13,015.36
Gross AUM Growth (%)(2)	40.12%	143.31%	6.78%
Disbursements(3)	49,692.83	38,576.48	20,591.65
Disbursement Growth(4)	28.82%	87.34%	14.83%
Borrowers (millions) (5)	2.46	1.59	1.06
Total Income(6)	10,485.29	5,875.31	3,786.66
Operating Expense / Annual Average Gross AUM(7)	4.52%	4.85%	7.61%
Cost to Income Ratio(8)	24.89%	30.49%	41.78%
Impairment of financial instruments / Annual Average Gross AUM(9)	1.19%	-1.58%	7.81%
Profit before tax(10)	4,734.72	2,827.01	455.86
Profit for the period(11)	3,119.00	1,879.46	4,434.14
Stage III PAR 90+ (excluding the old AP Portfolio)(12)	43.11	719.35	892.56
Stage III PAR 90+ (excluding the old AP Portfolio) Ratio(13)	0.10%	2.27%	6.86%
Stage III PAR 90+ Net (excluding the old AP Portfolio)(14)	6.11	117.45	87.21
Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio (15)	0.01%	0.38%	0.71%
Collection Efficiency(16)	99.74%	99.25%	97.13%
Return on Annual Average Gross AUM Portfolio (17)	8.20%	8.41%	35.21%
Return on Annual Average Net Worth (18)	19.02%	16.21%	79.77%
Net Worth(19)	18,894.36	13,906.36	9,275.69

Figures disclosed in the above table, except "Total Revenue", "Profit before Tax" and "Profit after Tax" are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

Notes:

For Fiscal 2017, we did not have any subsidiaries. Accordingly, our financial statements for Fiscal 2017 are prepared on a standalone basis only. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations – Introductory Note Regarding Financial Information Presented in this Chapter" on page 372 of this Prospectus.

(1) *Gross AUM represents the total portfolio loans outstanding (gross i.e. without netting-off the related provisioning) held by us as well as the outstanding of loan portfolio which have been assigned by us by way of assignment as at the end of the relevant year, excluding loan portfolio originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012.*
(2) *Gross AUM Growth represents percentage growth in Gross AUM for the relevant year over Gross AUM of the previous year.*
(3) *Disbursements represent the aggregate of all loan amounts extended to our clients in the relevant year.*
(4) *Disbursement Growth represents percentage growth in disbursement for the relevant year over disbursement of the previous year.*
(5) *Borrowers represents the number of customers who have active loan accounts with us as at the end of the relevant year.*
(6) *Total Income represents our restated total income for the year.*
(7) *Operating Expense represents employee benefits expenses, depreciation and amortization expenses and other expenses. Annual Average Gross AUM is the simple average of our Gross AUM as of the last day of the relevant year and our Gross AUM as of the last day of the previous year.*
(8) *Cost to Income Ratio represents the sum of employee benefits expenses, other expenses, and depreciation and amortization expenses as a percentage of Total Income plus our restated Other Income minus Finance Costs.*
(9) *Impairment on financial instruments represents our restated impairment on financial instruments.*
(10) *Profit before tax represents our restated profit before tax.*
(11) *Profit for the period represents our restated profit for the period.*
(12) *Stage III PAR 90+ (excluding the old AP Portfolio) represents total loan outstanding that are overdue for 90 days or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio), as of the last day of the relevant year, excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012.*
(13) *Stage III PAR 90+ (excluding the old AP Portfolio) Ratio represents "Stage III PAR 90+ (excluding the old AP Portfolio)" (as defined above) as a percentage of Gross AUM as at the date mentioned.*
(14) *Stage III PAR 90+ Net (excluding the old AP Portfolio) represents the total loan outstanding that are overdue for 90 days or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio), as of the last day of the relevant year, excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012, as reduced by the provision for such loans (excluding provision for loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012).*
(15) *Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio represents "Stage III PAR 90+ Net (excluding the old AP Portfolio)" (as defined above) as a percentage of Gross AUM (net of provision for such PAR 90+ loans) as at the date mentioned.*
(16) *Collection Efficiency represents the ratio of our collections (including overdue collections) for the year to billings for the year.*
(17) *Return on Annual Average Gross AUM is calculated as our Profit for the period for the relevant year as a percentage of our Annual Average Gross AUM in such year.*

(18) *Return on Annual Average Net Worth is calculated as our Profit for the period for the relevant year as a percentage of our Annual Average Net Worth in such year.*
(19) *Net Worth represents our restated net worth as of the last day of the relevant year.*

Competitive Strengths

- ***Seasoned business model with resilient performance through business cycles***

Through various business cycles, we have been able to leverage the inherent strength of our client centric business model, focus on internal controls, the expertise of our Individual Promoter and core management team to maintain our status as a leading NBFC-MFI. Our response to the 2010 AP crisis demonstrated the strength of our decision making, planning and execution. In the aftermath of the 2010 AP crisis, even while we were under CDR, we continued operations outside Andhra Pradesh in various states. In this period, we focused on rebuilding profitable operations through portfolio diversification, cost rationalization, customer retention, and recovery from our Andhra Pradesh portfolio. These measures helped us to raise new debt from existing lenders and gain capital infusion from Kangchenjunga, our Corporate Promoter and Kedaara AIF 1, which allowed us to exit from CDR in March 2017. According to ICRA Research, we are one of the only two major MFIs to successfully exit from CDR post AP crisis.

Further, in November 2016, the Indian government announced the demonetization of currency notes of ₹500 and ₹1,000 denominations. ICRA Research notes that in the aftermath of demonetization, inadequate currency supply, political interference in some states and disruption in borrower cash flows led to a sharp dip in the collection efficiencies of MFIs (from over 98% prior to demonetization to approximately 75-80% in November and December 2016). During the months following the demonetization notification, we adopted practices that allowed borrowers to repay a portion of their instalments and also supported them with interim loans. We also conducted meetings with clients, encouraging them to continue attending center meetings. These practices allowed us to manage the situation and maintain industry leading portfolio quality. Our Collection Efficiency for Fiscal 2017 was 97.13% on a standalone basis and for Fiscals 2018 and 2019 were 99.25% and 99.74% on a consolidated basis, respectively. ICRA Research notes that our performance (in terms of reductions in 30 dpd delinquencies and 90 dpd delinquencies) and asset quality was superior to the industry after demonetization, as a result of our rural focus, lower share of portfolio in the most affected districts and our geographically diversified portfolio. For details, please see "*Industry Overview*" on page 100. Further, according to ICRA Research, our credit costs post demonetization were superior than the industry average.

Our track record of dealing with the aftermath of the 2010 AP Crisis, CDR and demonetization demonstrates the strength of our business model, policies and client relationships as well as our ability to manage the expectations of varying stakeholders in our business, including staff, lenders, shareholders and clients.

- ***High degree of client engagement and robust risk management, leading to superior asset quality and collections***

We focus on a high degree of client engagement through our large employee base and operating procedures. Our client engagement practices include village/block level centre meetings and client training. Prior to lending to a client, we impart training over three days on loan terms, utilization and repayment, insurance and client support services. We also conduct center meetings where clients interact with our staff at regular intervals (typically based on their installment payments frequency). For further details, please see "– *Credit Appraisal, Sanction, Disbursement and Repayment Processes*" on page 139. We believe that these practices help us stay in close contact with our clients, which enables us to collect installments on the due dates and at specified times. We believe that we have been able to perform better than our peers on collection efficiency as a result of our practices, staff training, incentive structures designed to reward process adherence and asset quality and regular client engagement activities.

Further, our risk management norms are designed keeping in mind the various kinds of risks to our business. We make changes to these norms from time to time in response to business environment to ensure a responsive risk management strategy. Many risk control measures are embedded in the business process. For example, we follow a set of eligibility criteria for clients, which is aimed at minimizing credit risk (for details, please see "– *Client Selection Policies and Procedures*" on page 138). Every prospective client prior to disbursement is also assessed for their credit history with other lenders reporting into the credit bureau. ICRA research notes that the vintage of our portfolio is better than the industry, with over 25% of the portfolio in the fourth cycle compared to 11% for the industry as of December 2018.

Further, in order to prevent frauds by our employees, we follow a standard transfer policy, whereby all our field employees are transferred after spending a fixed period (not exceeding 18 months) at one location. We follow certain criteria while transferring employees to prevent the possibility of collusion with each other. For example, no two employees from the same village or tehsil of origin are allowed to work in the same branch and no two employees who have worked together in a branch are allowed to work together again in the same branch even after their transfers. Some of these controls have been automated with the use of technology. Our human resources management software has these kinds of controls built-in such that any transfer breaching the criteria cannot be executed. We also have well-established internal controls, a well-designed system for operations, strong policies and procedures to maintain financial discipline. Our internal audit department, which is overseen by the Audit

Committee, is an independent function, which evaluates operational risks, internal controls, adherence to systems and conducts timely inspection of our branches. For details, please see "*Our Management – Corporate Governance*" on page 177.

Our high degree of client engagement and effective risk management policies have resulted in healthy asset quality.

The following table shows our key portfolio indicators:

	As of / For the		
	Year ended March 31, 2019 (consolidated)	**Year ended March 31, 2018 (consolidated)**	**Year ended March 31, 2017 (standalone)**
	(₹ in millions, except percentages)		
Collection Efficiency[(1)]	99.74%	99.25%	97.13%
Stage III PAR 90+ (excluding the old AP Portfolio) Ratio[(2)] (%)	0.10%	2.27%	6.86%
Stage III PAR 90+ Net (excluding the old AP Portfolio)[(3)]	6.11	117.45	87.21
Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio[(4)] (%)	0.01%	0.38%	0.71%
Stage I, II and III PAR 0+ (excluding the old AP Portfolio and standard Portfolio)[(5)]	382.77	743.71	1,390.79

Figures disclosed in the above table are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

Notes:

(1) *Collection Efficiency represents the ratio of our collections (including overdue collections) for the year to billings for the year.*

(2) *Stage III PAR 90+ (excluding the old AP Portfolio) Ratio represents "Stage III PAR 90+ (excluding the old AP Portfolio)" (as defined above) as a percentage of Gross AUM as at the date mentioned.*

(3) *Stage III PAR 90+ Net (excluding the old AP Portfolio) represents the total loan outstanding that are overdue for 90 days or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio), as of the last day of the relevant year, excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012, as reduced by the provision for such loans (excluding provision for loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012).*

(4) *Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio represents "Stage III PAR 90+ Net (excluding the old AP Portfolio)" (as defined above) as a percentage of Gross AUM (net of provision for such PAR 90+ loans) as at the date mentioned.*

(5) *Stage I, II and III PAR 0+(excluding the old AP Portfolio and standard Portfolio) represents the total loan outstanding that are overdue for 1 day or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio) as of the last day of the relevant year (excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012).*

- ***Streamlined systems and processes and high employee productivity leading to low operating expense ratio***

Our business processes are designed for scale and efficiency and we constantly review and endeavor to strengthen them as the scale of our operations increase. Our operational efficiency is also driven by streamlined systems and procedures and scalable workforce deployment. At the branch level, we have implemented standardized systems and a front-end interface that gives us real time information on demand and collections. The systems follow an accounting module with budget controls built and approval authorities clearly earmarked. These practices and systems help in reducing the time and cost of our operations. As a result, according to ICRA Research, we had the lowest operating expenses/AMA ratio amongst certain major NBFC-MFIs and SFBs for Fiscal 2019. Further, ICRA Research also notes that our employee productivity as of March 31, 2019 was amongst the best compared to certain selected peers in terms of GLP per employee and the best in terms of clients per employee. For details, please see "*Industry Overview – Competitive Benchmarking*" on page 119.

In addition, with a view to offering timely service to our clients and thereby increase client retention and increasing our loan portfolio, we provide repeat loans on a timely basis to our existing clients. Faster processing of loans improves client experience and also helps save time, thereby improving cost utilization at branch level.

- ***Our focus on the high potential and under-served rural segment***

Rural Areas in India are a highly under-served market for formal banking services in terms of access, availability and suitability of products and services. Therefore, we strategically focus on clients in the rural sector. According to ICRA Research, while rural India accounts for approximately 68% of India's population as of March 2018, it accounted for only 34% of total deposit accounts and 23% of the loan accounts in scheduled commercial banks. ICRA Research notes that 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, micro-finance institutions are well placed to address this demand, which is currently being met by informal sources such as local money lenders. Accordingly, with our focus on the rural segment as of December 31, 2018, 88% of our portfolio was located in Rural Areas, as compared with 61% for 33 NBFC-MFIs as a whole. (*Source: ICRA Research*). Further, loans given to our clients for agriculture and allied activities can be classified as "Direct Agri" by banks pursuant to the RBI's priority sector lending guidelines, which provides us with the opportunity to assign this portfolio to banks that need to meet their target on Direct Agri loans. As of March 31, 2019, 94.6% of our portfolio was located in Rural Areas.

In the context of asset quality, ICRA Research also notes that delinquency trends indicate that delinquencies in the urban portfolios of NBFC-MFIs are higher than the delinquencies in Rural Areas. Therefore, rural portfolios have exhibited stronger performance vis-a-vis urban portfolios. Further, ICRA Research notes that, in most states, the credit outstanding in urban areas outweigh that of Rural Areas by multiple times, indicating the extent of deficiency in credit availability in Rural Areas. While several initiatives by the Government and the RBI have been taken for improving the credit availability in Rural Areas, the gap remains substantial offering significant potential for private players to serve this unmet demand. In particular, ICRA Research notes that microfinance institutions with deep reach in Rural Areas are better placed to deliver credit to the largely underserved segment in the country. Further, borrowers in general are aware that loans from MFIs are important for them. Given the lack of organised financial aid to this segment of the society, for many borrowers the alternate source of funds is moneylenders who charge exorbitant rates. Hence, ICRA Research observes that the general inclination of borrowers to default on these loans is low (*Source: ICRA Research*).

- ***Geographically diversified operations leading to risk containment and business resilience***

As of June 30, 2019, we cover 74,749 villages in 269 districts in 16 states and 1 union territory across India through 929 branches. Our operations are well-diversified at the branch, district and state levels. Presence in widespread geographies in India offers us a potential growth opportunity to further grow the business penetration in same areas and also reach out to more congruent geographies.

To address geographic concentration risk, we have specified exposure caps at the state, district and branch levels. For instance, the gross loan portfolio of each state must not exceed 22.5% of our total portfolio (except for AP and Telangana, to which, the combined cap of our portfolio is 6% of the gross loan portfolio) or 100% of our net worth. The gross loan portfolio for each district must not exceed 2.5% of our total portfolio and 7.5% of our net worth. With this adopted norm, our operations are geographically well-diversified with no single state contributing more than 20.01% to our AUM, no district contributing more than 1.82% to our AUM and no branch more than 0.3% to our AUM as of March 31, 2019. Further, according to ICRA Research, we had the second lowest GLP per branch amongst peer comparison of certain NBFC-MFIs and SFBs, as of March 31, 2018 and lowest GLP per branch amongst peer comparison of certain NBFC-MFIs and SFBs in March 31, 2019.

Further, as per our risk containment norms, disbursements for any single state must be less than 22.5% of our total disbursements. In addition, total disbursement at each branch is capped at 600 loans per month, to ensure that sufficient supervisory checks can be done to maintain quality of appraisals.

- ***Significant industry experience of our Promoter and management team***

We believe that the long-standing industry experience of our Individual Promoter and our management team provides us with an understanding of the needs and behaviour of the clients particularly in Rural Areas, the nuances of lending to these clients and issues specific to the microfinance industry in India. We believe that this expertise gives us a competitive advantage in this industry and has helped us in maintaining our resilience through industry cycles.

Ms. Padmaja Gangireddy, our Individual Promoter and Managing Director, has over 24 years of experience in social development and microfinance sector. She also founded SRUDO in 1998, and promoted our Company in 2003. She has been the Managing Director since then. Under her leadership, the Company believes that it has shown growth across industry cycles.

Abdul Feroz Khan, our Chief Strategy Officer, holds a masters' degree in business administration from Institute of Chartered Financial Analysts of India University, Dehradun. He joined our Company in November 2008 as an assistant manager and was designated as the Chief Strategy Officer in May 2018. Sudhesh Chandrasekar, our Chief Financial Officer, holds a post graduate diploma in management from Indian Institute of Management, Bangalore, a bachelors' degree in commerce (honours) from Shri Ram College of Commerce, University of Delhi, Delhi. Prior to joining our Company, he worked with Unitus Capital as a Vice-President. He also worked with ICICI Bank.

Further, at the field level, we have a high retention rate of employees at the middle to senior management level. The average experience of our assistant vice-presidents, division managers ("**Divisional Managers**") and cluster managers ("**Cluster Managers**") was 7.6 years, 5.6 years and 6.4 years, respectively, as of March 31, 2019.

For further details in relation to our Directors and Key Managerial Personnel, see "*Our Management*" on page 164.

Our Strategy

- ***Leverage our popular income generation loan products to derive organic business growth***

Through our client-centric business model, we focus on providing financing to our clients on a speedy and continual basis (while always adhering to our strict risk management policies), according to their life-cycle needs. We focus on providing income generation loans and our popular 'Abhilasha' loans (which are income generation loans) amounted to 84.62% of our Gross AUM, as of March 31, 2019.

ICRA Research estimates the microfinance credit opportunity to amount to ₹5–6 trillion (based on the current credit gap). For further details, please see "*Industry Overview*" on page 100. We expect to derive organic growth through our popular income generation loan products that are offered through the JLG model. To this end, we intend to utilize our existing branch infrastructure and employee base to increase our volume of income generation loans. We intend to offer income generation loans both to our existing clients (as they complete their existing loan cycles) and to new clients through our existing branches. We commence processing loans for existing clients at the time when two instalments of their existing loan are due, so as to disburse loans on the same day that the existing loan is fully repaid.

In addition to our core business of providing micro-credit, we also have contractual arrangements with our Group Company, Abhiram Marketing, a company engaged in the business of consumer goods (such as mobile phones, sarees, solar lamps, pressure cookers, mixers and grinders and bicycles, among other products) that are intended for purposes such as improving the quality of life of our clients, improving health and hygiene for families, reducing household expenditures and improving awareness, communication and mobility. We believe that these products may attract clients to our branches, which may help in engendering client loyalty. Further, we endeavor to provide repeat loans on a timely basis to our existing JLG clients.

- ***Leverage our existing branch network by increasing loan portfolio and enhancing employee productivity***

We have a large branch network which can be further leveraged since we have maintained low exposure levels per branch thus far. While we were under CDR, we focused on retaining our branch franchise as much as possible and this required maintaining low ticket sizes (leading to low AUM/branch levels) to ensure that once our funding levels improve post CDR exit, we can leverage on the branch franchise. Within the branches, during the time that we were in CDR, we focused on retaining clients even though we had to keep our ticket sizes lower than the client demand and credit approval levels.

Since our exit from CDR in March 2017, we increased our lender base, diversified our borrowings and also received additional capital infusion from Kangchenjunga, our Corporate Promoter and Kedaara AIF 1. With increased capital flow, we were able to enhance our ticket sizes and also acquire new clients at our existing branches. This helped us grow our AUM in Fiscal 2018 at one of the highest rates (143.8% in Fiscal 2018) among large NBFC-MFIs in India (*Source: ICRA Research; see "Industry Overview – Competitive Benchmarking"* on page 119). As a result, during Fiscals 2018 and 2019 with increasing flow of funding, AUM per branch grew from ₹24.74 million per branch as of March 31, 2017 to ₹45.63 million per branch in March 31, 2018 and to ₹47.97 million per branch in March 31, 2019. However, according to ICRA Research, we had the second lowest GLP per branch amongst peer comparison of certain NBFC-MFIs and SFBs, as of March 31, 2018 and the lowest GLP per branch amongst peer comparison of certain NBFC-MFIs and SFBs in March 31, 2019, which we believe provides us with the potential to further increase our loan portfolio and enhance our employee productivity.

As our funding levels improve further, we can further expand our operations from the existing branch network and bring exposure per branch on par with industry averages. We believe that we have the existing physical infrastructure and workforce in place to increase our loan portfolio, without a proportionate increase in operating expenses.

Further, we believe that we have latent growth potential (i) by way of opening new branches in adjacent areas to our existing branch network; (ii) splitting large branches according to demand (allowing them to grow by acquiring more clients in the same geographies); and (iii) leverage on those states where we have less penetration though the states have large unmet potential.

Given the seasoning of our operating team, we can open branches in different regions and leverage on the experience of our seasoned field staff who can take up larger roles – for example, seasoned Credit Assistants ("**CAs**") can be trained to assume the role of Branch Managers ("**BMs**") while seasoned BMs can be trained to assume the role of Cluster Managers. Further, with the objective of expanding our loan portfolio, we intend to incentivize our employee base to further service more client demand while adhering to our risk containment norms - both to existing and new clients. This will help us improve our Gross AUM per employee (excluding trainee CAs) from our current level (₹12.58 million as of March 31, 2019) leading to increased employee productivity with expansion in client base.

- ***Increase our presence in under-penetrated states and districts***

We have grown our geographical presence by expanding our branches into different regions. With this strategy, we expanded our operations into three new states, Bihar, West Bengal and Tamil Nadu and one union territory, Pondicherry, in the last two years besides restarting operations in Rajasthan where we had exited. Our contiguous growth strategy is also relevant for expanding into newer districts within the states where we already have operations. We intend to continue to expand our geographical coverage into newer states and union territories as well where we see business potential (for instance, Assam, Punjab and Haryana).

According to ICRA Research, many large states such as UP, Bihar, MP, Gujarat, Chhattisgarh, Punjab, Haryana are under penetrated and offer good potential for growth. (*Source: ICRA Research*). We have commenced operations in some of these states such as Bihar, West Bengal and Rajasthan in the recent past. These features offer growth opportunities for us in newer geographies.

We open new branches as per our business plan and evaluate certain key criteria while opening a new branch, including the following:

- Demand for credit in the area;
- Income and market potential to determine repayment capacity of borrowers;
- Availability of transportation and infrastructure facilities at the location;
- Level of economic activity and employment opportunities in the area (presence of factories, shops/malls and other enterprises);
- Growth potential (in terms of new client acquisitions);
- Major income sources for the local population;
- Whether a majority of the houses are self-owned;
- Competition from other MFIs in the area; and
- Socio-economic and law and order risks in the proposed area.

We ensure that any new state expansion is conducted in a phased manner. We first test the market by setting up a few branches. It is only after these branches are able to demonstrate full compliance with our internal processes and procedures that subsequent expansion is planned. We also only place experienced BMs and CAs in new branches as they serve to lay the foundation for the growth of future branches by providing the requisite training.

- ***Further diversify our borrowing profile and reduce our cost of borrowings***

Our funding sources are varied, as we believe that a diversified debt profile ensures that we are not overly dependent on any one type or source for funding. Post our exit from CDR, we have diversified our lender base and accessed diverse sources of liquidity, such as term loans, cash credit and subordinated debt from banks, financial institutions and non-banking financial companies, proceeds from loan assets securitized, and proceeds from the issuance of NCDs to meet our funding requirements.

We increased our lender base from three lenders as of March 31, 2017 to 22 as of March 31, 2018 and further to 28 as of March 31, 2019. Our Average Effective Cost of Borrowing reduced from 16.31% for Fiscal 2017 to 14.74% for Fiscal 2018 and further reduced to 12.84% as of Fiscal 2019. Further, our credit rating (by ICRA) improved from BBB- (Stable) as of August 2017 to BBB (Positive) as of February 2018, BBB+ (Stable) in May 2018 and A- (Stable) in March 2019. We intend to further diversify our lender base by raising financing through lower cost avenues such as capital markets instruments such as NCDs, commercial paper and securitizations and through term loans from banks under priority sector lending. We believe that this diversification will enable us to meet funding requirements and further optimize Average Cost of Borrowings.

ICRA Research notes that the continuation of priority sector lending status for NBFC-MFIs and allowing NBFC-MFIs to act as business correspondents for banks augurs well for funding profile of NBFC-MFIs. Further NBFC-MFIs also have opportunities to raise off balance sheet funding through business correspondent model, securitization and assignments as a significant proportion of underlying portfolios which would qualify under the key categories of PSL targets.

SUMMARY OF FINANCIAL INFORMATION

The summary financial information presented below should be read in conjunction with the Restated Financial Statements, the notes and annexures thereto and the sections "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 202 and 371, respectively. The restated financial statements for the years ended March 31, 2019, 2018 have been prepared under Ind AS and restated in accordance with SEBI ICDR Regulations. The restated financial statements for the year ended March 31, 2017 have been prepared on a proforma basis using Ind AS principles, read with SEBI circular no. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 and the Guidance Note on Reports in Company Prospectuses, 2016, issued by the ICAI.

Restated Consolidated Balance Sheet Summary Statement

(Rupees in Millions unless otherwise stated)

Balance sheet as at	31-Mar-19	31-Mar-18
ASSETS		
Financial assets		
Cash and cash equivalents	1,486.12	1,045.36
Bank Balances other than cash and cash equivalents	2,031.86	1,032.47
Trade Receivables	35.49	25.03
Loan Portfolio	42,677.59	30,896.26
Investments	1.00	1.00
Other financial assets	604.47	659.60
Total Financial Assets	**46,836.53**	**33,659.72**
Non-financial assets		
Current tax assets (net)	83.37	41.86
Deferred tax assets (net)	1,999.79	3,840.84
Property, Plant and Equipment	71.74	58.54
Intangible assets	22.21	26.03
Goodwill	173.74	-
Other non-financial assets	129.69	15.48
Total Non-Financial Assets	**2,480.54**	**3,982.75**
Total Assets	**49,317.07**	**37,642.47**
LIABILITIES AND EQUITY		
LIABILITIES		
Financial Liabilities		
Debt Securities	13,719.64	10,147.13
Borrowings (Other than Debt Securities)	15,754.79	12,965.08
Subordinated Liabilities	202.94	201.55
Other Financial liabilities	444.85	145.14
Total Financial Liabilities	**30,122.22**	**23,458.90**
Non-Financial Liabilities		
Current Tax Liabilities (net)	62.83	92.98
Provisions	3.59	3.90
Other Non-Financial liabilities	224.85	180.33
Total Non-Financial Liabilities	**291.27**	**277.21**
EQUITY		
Equity Share Capital	596.34	297.56
Other Equity	18,298.02	13,608.80
Equity attributable to shareholders of the company	**18,894.36**	**13,906.36**
Non Controlling Interest	9.22	-
Total Equity	**18,903.58**	**13,906.36**
Total Liabilites and Equity	**49,317.07**	**37,642.47**

Restated Consolidated Profit and Loss Summary Statement

(Rupees in Millions unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from Operations		
Interest Income	9,978.74	5,730.41
Commission Income	150.12	39.75
Net gain on fair value changes	266.76	42.15
Others	35.34	60.75
Total Revenue from operations	**10,430.96**	**5,873.06**
Other income	54.33	2.25
Total Income	**10,485.29**	**5,875.31**
Expenses		
Finance cost	3,578.65	2,317.91
Impairment on financial instruments	453.00	(354.09)
Employee benefit expenses	1,310.46	758.71
Depreciation and amortization expense	69.66	57.24
Other expenses	338.80	268.53
Total expenses	**5,750.57**	**3,048.30**
Profit before tax	**4,734.72**	**2,827.01**
Tax expense:		
Current tax	12.88	573.43
Deferred tax	1,602.84	374.12
Income tax expense	**1,615.72**	**947.55**
Profit for the period	**3,119.00**	**1,879.46**
Other Comprehensive Income		
Items that will not be reclassified subsequently to profit or loss		
Re-measurement gains/(losses) on defined benefit plans	(2.94)	(0.42)
Income tax effect	1.03	0.14
Items that will be reclassified subsequently to profit or loss		
Fair Value gain on Portfolio	688.80	-
Income tax effect	(240.69)	-
Total other comprehensive income for the year	**446.20**	**(0.28)**
Total comprehensive income for the year	**3,565.20**	**1,879.18**
Profit for the year attributable to:		
Shareholders of the company	3,118.24	1,879.46
Non-controlling interests	0.76	-
	3,119.00	**1,879.46**
Total other comprehensive income for the year attributable to :		
Shareholders of the company	3,564.44	1,879.18
Non-controlling interests	0.76	-
	3,565.20	**1,879.18**
Earnings per share (equity share, par value of ₹10 each)		
Basic	53.46	42.52
Diluted	53.35	42.51
Nominal value of share (₹)	10.00	10.00

Restated Consolidated Cash Flow Summary Statement

(Rupees in Millions unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash flow from operating activities		
Profit before tax	4,734.72	2,827.01
Adjustments for:		
Interest on income tax	3.15	24.40
Depreciation and amortization	69.66	57.24
Share based payment to employees	41.25	-
Provision for gratuity	4.01	4.05
Net (gain)/ loss on derecognition of property, plant and equipment	0.37	(0.40)
Impairment on financial instruments	453.00	(354.09)
Net gain on fair value changes	(110.63)	(15.84)
Other provisions and write offs	23.51	19.06
Operating profit before working capital changes	**5,219.04**	**2,561.43**
Movements in working capital :		
Increase / (decrease) in other financial liabilities	285.30	(114.38)
Increase / (decrease) in other non financial liabilities	42.73	5.78
Increase / (decrease) in provisions	(7.68)	(6.55)
(Increase) / decrease in bank balances other than cash and cash equivalents	(977.74)	(1,009.39)
(Increase) / decrease in trade receivables	(10.46)	(10.39)
(Increase) / decrease in other financial assets	31.63	(661.24)
(Increase) / decrease in loan portfolio	(10,070.52)	(18,596.70)
(Increase) / decrease in other non financial assets	(109.85)	16.25
Cash used in operations	**(5,597.55)**	**(17,815.19)**
Income taxes paid	(135.88)	(735.74)
Net cash generated/ (used) in operating activities (A)	**(5,733.43)**	**(18,550.93)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(69.56)	(34.87)
Purchase of intangible assets	(8.00)	(16.93)
Proceeds from derecognition of property, plant and equipment	0.08	0.48
Purchase of investments	(67,585.20)	(34,856.79)
Proceeds from sale of investments	67,695.83	34,872.64
Investment in subsidiary (net of cash acquired)	(360.95)	-
Net cash generated/ (used) in investing activities (B)	**(327.80)**	**(35.47)**
Cash flows from financing activities		
Proceeds from issue of equity shares (including securities premium)	501.00	307.87
Balance subscription of optionally convertible redeemable preference shares (all series) (including securities premium)	532.31	2,442.13
Proceeds from issue of share warrants (including securities premium)	349.03	1.49
Dividend paid on compulsory convertible preference shares (all class)	(0.13)	-
Debt securities (net)	3,572.51	10,147.13
Borrowings (other than debt securities) (net)	1,664.56	3,640.51
Subordinated liabilities (net)	(117.29)	191.46
Net cash generated/ (used) from financing activities (C)	**6,501.99**	**16,730.59**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**440.76**	**(1,855.81)**
Cash and cash equivalents at the beginning of the year	1,045.36	2,901.17
Cash and cash equivalents at the end of the year	**1,486.12**	**1,045.36**

Restated Standalone Balance Sheet Summary Statement (IND AS)

(Rupees in Millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
ASSETS			
Financial assets			
Cash and cash equivalents	1,454.07	1,025.07	2,901.17
Bank balances other than cash and cash equivalents	2,028.09	1,032.47	23.08
Trade receivables	35.49	25.54	14.64
Loan portfolio	41,653.89	30,896.26	11,945.49
Investments	646.35	21.00	1.00
Other financial assets	861.35	659.59	17.43
Total financial assets	**46,679.24**	**33,659.93**	**14,902.81**
Non-financial assets			
Current tax assets (net)	83.37	41.86	46.63
Deferred tax assets (net)	1,998.36	3,840.84	4,214.96
Property, plant and equipment	70.86	58.54	66.23
Intangible assets	21.53	26.03	23.85
Other non-financial assets	127.01	15.47	31.74
Total non-financial assets	**2,301.13**	**3,982.74**	**4,383.41**
Total Assets	**48,980.37**	**37,642.67**	**19,286.22**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Debt securities	13,719.64	10,147.13	-
Borrowings (other than debt securities)	15,529.89	12,965.08	9,324.57
Subordinated liabilities	201.56	201.55	10.09
Other financial liabilities	435.21	145.14	259.52
Total financial liabilities	**29,886.30**	**23,458.90**	**9,594.18**
Non-financial liabilities			
Current tax liabilities (net)	3.48	92.96	235.84
Provisions	3.42	3.90	5.98
Other non-financial liabilities	223.43	180.31	174.53
Total non-financial liabilities	**230.33**	**277.17**	**416.35**
EQUITY			
Equity share capital	596.34	297.56	284.49
Other equity	18,267.40	13,609.04	8,991.20
Total equity	**18,863.74**	**13,906.60**	**9,275.69**
Total Liabilities and Equity	**48,980.37**	**37,642.67**	**19,286.22**

Restated Standalone Profit and Loss Summary Statement (IND AS)

(Rupees in Millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017
Revenue from Operations			
Interest income	9,914.42	5,730.09	3,705.98
Commission income	147.59	39.75	37.88
Net gain on fair value changes	265.70	42.15	16.38
Others	35.10	60.75	10.40
Total Revenue from operations	**10,362.81**	**5,872.74**	**3,770.64**
Other income	54.27	2.25	16.02
Total Income	**10,417.08**	**5,874.99**	**3,786.66**
Expenses			
Finance cost	3,564.71	2,317.91	1,493.89
Impairment on financial instruments	454.17	(354.09)	983.90
Employee benefit expenses	1,299.89	758.71	580.54
Depreciation and amortization expense	69.19	57.24	83.33
Other expenses	335.31	268.01	294.00
Total expenses	**5,723.27**	**3,047.78**	**3,435.66**
Profit before exceptional items and tax	**4,693.81**	**2,827.21**	**351.00**
Exceptional items	-	-	104.86
Profit before tax	**4,693.81**	**2,827.21**	**455.86**
Tax expense:			
Current tax	3.48	573.37	235.84
Deferred tax	1,602.85	374.13	(4,214.12)
Income tax expense	**1,606.33**	**947.50**	**(3,978.28)**
Profit for the year	**3,087.48**	**1,879.71**	**4,434.14**
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gains/(losses) on defined benefit plans	(3.07)	(0.42)	(2.42)
Income tax effect	1.07	0.14	0.84
Items that will be reclassified subsequently to profit or loss			
Fair value gain on loan portfolio	688.80	-	-
Income tax effect	(240.69)	-	-
Total other comprehensive income for the year	**446.11**	**(0.28)**	**(1.58)**
Total comprehensive income for the year	**3,533.59**	**1,879.43**	**4,432.56**
Earnings per share including exceptional items			
Basic	52.92	42.52	216.93
Diluted	52.81	42.51	5.48
Earnings per share excluding exceptional item			
Basic	52.92	42.52	213.55
Diluted	52.81	42.51	5.39
Nominal value of share (₹)	10.00	10.00	10.00

Restated Standalone Cash Flow Summary Statement (IND AS)

(Rupees in Millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017
Cash flow from operating activities			
Profit before tax	4,693.81	2,827.21	455.86
Adjustments for:			
Interest on income tax	1.15	24.40	-
Depreciation and amortization	69.19	57.24	83.33
Share based payment to employees	41.14	-	-
Provision for gratuity	3.95	4.05	7.67
Net gain on derecognition of property, plant and equipment	(0.03)	(0.40)	(0.21)
Impairment on financial instruments	454.17	(354.09)	983.90
Net gain on fair value changes	(109.57)	(15.84)	(16.38)
Other provisions and write offs	23.61	19.06	10.27
Operating profit before working capital changes	**5,177.42**	**2,561.63**	**1,524.44**
Movements in working capital :			
Increase / (decrease) in other financial liabilities	290.10	(114.38)	(1,420.99)
Increase / (decrease) in provisions	(7.50)	(6.45)	(5.18)
Increase / (decreases) in other non financial liabilities	43.12	5.78	1.76
(Increase) / decrease in bank balances other than cash and cash equivalents	(995.63)	(1,009.37)	(1.63)
(Increase) / decrease in trade receivables	(9.95)	(10.90)	3.70
(Increase) / decrease in loan portfolio	(10,522.94)	(18,596.68)	(789.96)
(Increase) / decrease in other financial assets	(225.23)	(661.22)	(11.16)
(Increase) / decrease in other non financial assets	(111.54)	16.26	5.17
Cash used in operations	**(6,362.15)**	**(17,815.33)**	**(693.85)**
Income taxes paid	(135.61)	(735.88)	105.02
Net cash generated/ (used) in operating activities (A)	**(6,497.76)**	**(18,551.21)**	**(588.83)**
Cash flows from investing activities			
Purchase of property, plant and equipment	(69.07)	(34.88)	(13.98)
Purchase of intangible assets	(8.00)	(16.93)	(14.78)
Proceeds from derecognition of property, plant and equipment	0.08	0.48	.24
Purchase of investments	(67,585.20)	(34,856.79)	(4,593.40)
Sale of investments	67,694.76	34,872.64	4,609.78
Investment in subsidiary	(625.35)	(20.00)	-
Net cash generated / (used) in investing activities (B)	**(592.78)**	**(55.48)**	**(12.14)**
Cash flows from financing activities			
Proceeds from issue of equity shares	501.00	307.87	1,900.00
Balance subscription of Optionally Convertible Redeemable preference shares (all series) (including securities premium)	532.31	2,442.13	-
Proceeds from issue of Preference Shares (including securities premium)	-	-	1,102.27
Proceeds from issue of Share Warrants (including securities premium)	349.03	1.49	-
Dividend paid to Compulsory Convertible preference shares (all class)	(0.13)	-	-
Debt securities (net)	3,572.51	10,147.13	-
Borrowings (other than debt securities) (net)	2,564.81	3,640.51	136.61
Subordinated liabilities (net)	0.01	191.46	10.00
Net cash generated / (used) from financing activities (C)	**7,519.54**	**16,730.59**	**3,148.88**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**429.00**	**(1,876.10)**	**2,547.91**
Cash and cash equivalents at the beginning of the year	1,025.07	2,901.17	353.26
Cash and cash equivalents at the end of the period	**1,454.07**	**1,025.07**	**2,901.17**

Restated Standalone Balance Sheet Summary Statement (IGAAP)

(Rupees in Millions unless otherwise stated)

Particulars	As at	
	31-Mar-16	**31-Mar-15**
Equity and liabilities		
Shareholders' funds		
Share capital	8,113.89	8,279.97
Reserves and surplus	(6,272.99)	(8,641.81)
	1,840.90	**(361.84)**
Non-current Liabilities		
Long-term borrowings	-	3,752.49
Other long term liabilities	17.64	652.05
Long-term provisions	8,001.34	10,541.47
	8,018.98	**14,946.01**
Current liabilities		
Other current liabilities	11,023.59	8,828.18
Short-term provisions	115.48	112.34
	11,139.07	**8,940.52**
TOTAL	**20,998.95**	**23,524.69**
Assets		
Non-current assets		
Fixed assets		
Property, plant and equipment	121.79	42.67
Intangible assets	22.90	13.27
Capital work-in-progress	-	55.94
Non-current investments	1.00	1.00
Loan Portfolio	8,514.65	11,472.59
Other loans and advances	170.78	179.63
Other non-current assets	20.88	32.95
	8,852.00	**11,798.05**
Current assets		
Trade receivables	18.34	18.57
Cash and bank balances	353.26	590.90
Loan Portfolio	11,673.61	10,989.37
Other loans and advances	14.85	30.26
Other current assets	86.89	97.54
	12,146.95	**11,726.64**
TOTAL	**20,998.95**	**23,524.69**

Restated Standalone Profit and Loss Summary Statement (IGAAP)

(Rupees in Millions unless otherwise stated)

Particulars	For the year ended	
	31-Mar-16	**31-Mar-15**
Income		
Revenue from operations	3,438.62	3,019.71
Other income	49.44	234.35
Total revenue (I)	**3,488.06**	**3,254.06**
Expenses		
Employee benefits expenses	570.87	706.06
Finance costs	1,294.40	1,117.65
Other expenses	285.55	287.87
Depreciation and amortisation expenses	37.01	33.13
Provision and write-offs	106.82	50.53
Total expenses (II)	**2,294.65**	**2,195.24**
Profit before exceptional items and tax (III) = (I) - (II)	**1,193.41**	**1,058.82**
Exceptional items **(IV)**	1,238.94	-
Profit before tax (V) = (III) + (IV)	**2,432.35**	**1,058.82**
Tax expense		
Current tax	-	-
Deferred tax	-	-
Adjustment of tax relating to earlier periods	-	7.83
Total tax expense (VI)	**-**	**7.83**
Profit after tax (V) - (VI)	**2,432.35**	**1,050.99**
Nominal value per share	10.00	10.00
Earnings per equity share		
(including exceptional items)		
Basic (computed on the basis of total profit for the year)	119.34	51.88
Diluted (computed on the basis of total profit for the year)	2.94	1.23
Earnings per equity share		
(excluding exceptional items)		
Basic (computed on the basis of total profit for the year)	58.55	51.88
Diluted (computed on the basis of total profit for the year)	1.44	1.23

Restated Standalone Cash Flow Summary Statement (IGAAP)

(Rupees in Millions unless otherwise stated)

Particulars		For the year ended	
		31-Mar-16	31-Mar-15
A.	**Cash flow from operating activities**		
	Profit before tax	**2,432.35**	**1,058.82**
	Adjustments for :		
	Adjustments to reconcile profit before tax to net cash flows:	-	-
	Income recognized on SIDBI grant	-	(7.00)
	Depreciation and amortization	37.01	33.13
	Amortization of ancillary borrowing cost	20.36	9.59
	(Profit) / loss on sale of fixed assets	9.46	(0.79)
	Contingent provision against standard assets	0.11	30.24
	Excess provision for non-performing assets	(2,537.02)	(1,527.31)
	Provision for non-performing assets	-	-
	Portfolio loans written off	2,643.74	1,407.60
	Loss on assigned loans	-	140.00
	Dividend from mutual funds	(4.63)	(4.74)
	Excess provisions no longer required	(1,246.24)	(189.61)
	Other provisions and write offs	33.78	11.18
	Unrealized foreign exchange loss	0.35	1.08
	Operating profit before working capital changes	**1,389.27**	**962.19**
	Movements in working capital :		
	Increase / (decrease) in other current liabilities	762.28	74.71
	Increase / (decrease) in other long term liabilities	(634.42)	(28.36)
	Decrease / (increase) in trade receivables	0.23	(16.95)
	Decrease / (increase) in loans and advances	(381.73)	(2,818.64)
	Decrease / (increase) in other current and non-current assets	4.07	2.83
	Cash used in operations	**1,139.70**	**(1,824.22)**
	Direct taxes paid (net of refunds)	(0.36)	5.67
	Net cash used in operating activities (A)	**1,139.34**	**(1,818.55)**
B.	**Cash flow from investing activities :**		
	Purchase of fixed assets (including capital work in progress and capital advances)	(104.07)	(77.58)
	Proceeds from sale of fixed assets	5.45	1.14
	Purchase of current investments	(1,790.00)	(2,690.00)
	Sale of current investments	1,790.00	2,690.00
	Dividend from mutual funds	4.63	4.74
	Margin money deposits (net)	(1.71)	1.53
	Net cash used in investing activities (B)	**(95.70)**	**(70.17)**
C.	**Cash flow from financing activities :**		
	Redemption of OCCRPS (including premium on redemption)	(700.40)	(1,065.04)
	Proceeds from issue of equity shares	-	50.00
	Repayment of long-term borrowings	(4,160.72)	(3,111.05)
	Receipt of long-term borrowings	3,579.84	6,372.96
	Receipt of short-term borrowings	-	60.00
	Repayment of short-term borrowings	-	(85.00)
	Net cash from financing activities (C)	**(1,281.28)**	**2,221.87**
	Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**(237.64)**	**333.15**
	Cash and cash equivalents as at the beginning of the year	590.90	257.75
	Cash and cash equivalents as at end of the year (refer Annexure 18)	**353.26**	**590.90**
	Components of cash and cash equivalents at the end of the year		
	Cash on hand	2.04	10.47
	Balance with banks - on current account	351.22	580.43
	Components of cash and cash equivalents at the end of the year	**353.26**	**590.90**

THE OFFER

The following table summarises the Offer details:

Equity Shares Offered	
Offer of Equity Shares	14,029,622* Equity Shares, aggregating to ₹12,009.36 million*
of which	
Fresh Issue(1)	4,672,897* Equity Shares, aggregating to ₹4,000.00 million*
Offer for Sale(2)	9,356,725* Equity Shares, aggregating to ₹8,009.36 million*
The Offer consists of:	
A) QIB Portion(3)(4)	7,014,810* Equity Shares
of which:	
Anchor Investor Portion	4,208,886* Equity Shares
Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed)	2,805,924* Equity Shares
of which:	
Mutual Fund Portion	140,296* Equity Shares
Balance for all QIBs including Mutual Funds	2,946,220* Equity Shares
B) Non-Institutional Portion(5)	2,104,444* Equity Shares
C) Retail Portion(5)	4,910,368* Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	59,633,683 Equity Shares
Equity Shares outstanding after the Offer	64,306,580* Equity Shares
Use of Net Proceeds	See "*Objects of the Offer*" on page 92, for information about the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

**Subject to finalisation of Basis of Allotment*

(1) *The Fresh Issue has been authorized by a resolution of our Board pursuant to a resolution passed at its meeting held on June 14, 2018 and a special resolution of our Shareholders pursuant to a resolution passed at the EGM held on June 14, 2018*

(2) *The Offer for Sale has been authorised by the Selling Shareholders in the following manner:*

Sr. No.	Selling Shareholder	Number of Equity Shares	Date of resolution/ consent letters
1.	Kangchenjunga	5,967,097	June 18, 2018, as amended on July 23, 2019
2.	Padmaja Gangireddy	1,423,114	June 18, 2018
3.	Vijaya Siva Rami Reddy Vendidandi	796,509	June 18, 2018, as amended on July 23, 2019
4.	Valiant	783,747	June 18, 2018, as amended on July 23, 2019
5.	Helion II	132,831	May 25, 2018, as amended on July 23, 2019
6.	Kedaara AIF 1	129,732	June 18, 2018, as amended on July 23, 2019
7.	Helion	123,695	May 25, 2018, as amended on July 23, 2019

(3) *The Selling Shareholders, severally and not jointly, confirm that their respective portions of the Offered Shares, have been held by them for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI, or have been issued or received in accordance with Regulation 26(6) of the 2009 SEBI ICDR Regulations, and are eligible for being offered for sale in the Offer as required under Regulation 26(6) of the 2009 SEBI ICDR Regulations*

(4) *Our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLMs, have allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. For details, see "Offer Procedure" on page 441*

(5) *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, was allowed to be met with spill over from any other category or combination of categories at the discretion of our Company and the Selling Shareholders, in consultation with the GCBRLMs, the BRLMs and the Designated Stock Exchange. For further details, see "Offer Structure" on page 437.*

Notes:

1. The Offer was made pursuant to Rule 19 (2)(b)(iii) of the SCRR read with Regulation 41 of the 2009 SEBI ICDR Regulations

2. Allocation to all categories, except Anchor Investors, if any Retail Individual Bidders, was made on proportionate basis. The allocation to each Retail Individual Bidder was not less than the minimum Bid Lot. For details see "*Offer Procedure"* on page 441.

For details, including in relation to grounds for rejection of Bids, see "*Offer Structure*" and "*Offer Procedure*" on pages 437 and 441, respectively. For details of the terms of the Offer, see "*Terms of the Offer*" on page 434.

GENERAL INFORMATION

Our Company was incorporated as Spandana Sphoorty Innovative Financial Services Limited ("**SSIFSL**") on March 10, 2003 at Hyderabad, Andhra Pradesh, India as a public limited company under the Companies Act, 1956. A certificate of commencement of business was issued to SSIFSL on November 11, 2003 by the Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad ("**RoC**"). On October 16, 2004, the Reserve Bank of India ("**RBI**") granted a certificate of registration bearing registration no. N-09.00414 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, pursuant to a special resolution dated November 26, 2007 passed by our shareholders, the name of our Company was changed to Spandana Sphoorty Financial Limited. Pursuant to a letter dated December 26, 2007, the RBI granted its no objection to the change of name of our Company to Spandana Sphoorty Financial Limited and a fresh certificate of incorporation consequent to change of name was issued by the RoC to our Company on January 3, 2008. Further, a fresh certificate of registration bearing registration no. N-09.00414 pursuant to the change of name was issued by the RBI on January 11, 2008. Our Company was granted NBFC – Microfinance Institution ("**NBFC-MFI**") status by the RBI with effect from April 13, 2015 and a modified certificate of registration bearing registration no. N-09.00414 was issued by the RBI to this effect. For further details of the changes in the name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 154 and for further details of the registrations in relation to the business of our Company, see "*Government and Other Approvals*" on page 411.

Registered Office

Spandana Sphoorty Financial Limited
Plot No: 31 and 32
Ramky Selenium Towers
Tower A, Ground Floor
Financial District, Nanakramguda
Hyderabad 500 032
Telangana, India
Tel: +91 40 4812 6666
Fax: +91 40 4438 6640
E-mail : contact@spandanaindia.com
Website : www.spandanaindia.com
Corporate Identity Number: U65929TG2003PLC040648
RBI Registration Number: NBFC N-09.00414
Registration Number: 040648

Address of the RoC

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

Registrar of Companies
2nd Floor, Corporate Bhawan
GSI Post, Tattiannaram Nagole, Bandlaguda
Hyderabad 500 068
Telangana, India

Board of Directors

The following table lists out the brief details of our board as on the date of this Prospectus:

Name	Designation	DIN	Address
Deepak Calian Vaidya	Non-Executive Chairman and Independent Director	00337276	251, Suraj Building, Walkeshwar Road, Malabar Hill, Mumbai 400 006, Maharashtra, India
Padmaja Gangireddy	Managing Director	00004842	Flat No. A-208, Jayabheri Orange County, Near ICICI Towers, Nanakramguda, Serilingampally, K.V. Rangareddy, Hyderabad 500 032, Telangana, India
Jagdish Capoor	Independent Director	00002516	1601, Brooke Ville, 359, Mogul Lane, Near Magnet Mall, Mahim (West), Mumbai 400 016, Maharashtra, India
Bharat Dhirajlal Shah	Independent Director	00136969	21, Hill Park Building No. 2 A G Bell Marg, Malabar Hill Mumbai 400 006, Maharashtra, India
Abanti Mitra	Independent Director	02305893	Flat No. B-2505, B Wing, Oberoi Woods, Mohan Gokhale Marg, Goregaon (E), Mumbai 400 063, Maharashtra, India
Ramachandra Kasargod Kamath	Non-Executive Director*	01715073	B-2004, Neptune Society, Sun City, Adi Shakaracharya Marg, Near Powai IIT Market, Powai, Mumbai 400 076, Maharashtra, India

Name	Designation	DIN	Address
Amit Sobti	Non-Executive Director*	07795874	101 Repulse Bay Road, Flat A15, 6/F, Hong Kong, Hong Kong
Kartikeya Dhruv Kaji	Non-Executive Director*	07641723	The Imperial, Apt 3901, BB Nakashe Marg, Tardeo, Tulsiwadi, Mumbai 400 034, Maharashtra, India
Darius Dinshaw Pandole	Non-Executive Director**	00727320	6, Rajab Mahal, 144 Maharshi Karve Road, Churchgate, Mumbai 400 020, Maharashtra, India
Sunish Sharma	Non-Executive Director*	00274432	1305 North Tower, The Imperial, B.B. Nakashe Marg, Tardeo, Tulsiwada, Mumbai 400 034, Maharashtra, India

* *Nominee of Kedaara Capital*
** *Nominee of JM Financial Products Limited*

For further details of our Directors, see "*Our Management*" on page 164.

Company Secretary and Compliance Officer

Rakesh Jhinjharia
Plot No: 31 and 32
Ramky Selenium Towers
Tower A, Ground Floor
Financial District, Nanakramguda
Hyderabad 500 032
Telangana, India
Tel: +91 40 4812 6666
Fax: +91 40 4438 6640
E-mail: secretarial@spandanaindia.com

Chief Financial Officer

Sudhesh Chandrasekar
Plot No: 31 and 32
Ramky Selenium Towers
Tower A, Ground Floor
Financial District, Nanakramguda
Hyderabad 500 032
Telangana, India
Tel: +91 40 4812 6666
Fax: +91 40 4438 6640
Email: sudhesh.c@spandanaindia.com

Investor Grievance

Bidders can contact our Company Secretary and Compliance Officer, the GCBRLMs, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders and non-receipt of funds by electronic mode.

For all other related queries and for redressal of complaints, investors may also write to the GCBRLMs, the BRLMs and the Registrar to the Offer in the manner provided below.

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

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. In addition to the information indicated above, the ASBA Bidder should also specify the Designated Branch or the collection centre of the SCSB or the address of the centre of the Syndicate Member at the Specified Locations or the Registered Brokers at the Broker Centres or the RTA at the Designated RTA Location or the CDP at the Designated CDP Location where the Bid cum Application Form was submitted by the ASBA Bidder and the ASBA Account number (for RIBs other than those bidding through the UPI Mechanism) or the UPI ID (for RIBs who make the payment of the Bid Amount through the UPI Mechanism) linked to the ASBA Account.

Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediary in addition to the documents/ information mentioned hereinabove.

Global Co-ordinators and Book Running Lead Managers	
Axis Capital Limited 8th Floor, Axis House C 2 Wadia International Centre P. B. Marg, Worli Mumbai 400 025 Maharashtra, India Tel : +91 22 4325 2183 Fax : +91 22 4325 3000 E-mail: ssfl.ipo@axiscap.in Investor grievance E-mail: compliants@axiscap.in Website: www.axiscapital.co.in Contact Person: Simran Gadh SEBI Registration No.: INM000012029 **IIFL Securities Limited*** 10th Floor, IIFL Centre, Kamala City Senapati Bapat Marg Lower Parel (West) Mumbai 400 013 Maharashtra, India Tel: +91 22 4646 4600 Fax: +91 22 2493 1073 E-mail: spandanaipo@iiflcap.com Investor grievance E-mail: ig.ib@iiflcap.com Website: www.iiflcap.com Contact Person: Vishal Bangard/ Anant Gupta SEBI Registration No.: INM000010940 **Pursuant to the transfer of Merchant Banker registration, issued under the SEBI (Merchant Bankers) Regulations, 1992, from IIFL Holdings Limited, as approved by SEBI vide letter dated July 12, 2019, with continuance of registration number*	**ICICI Securities Limited** ICICI Centre, H. T. Parekh Marg Churchgate Mumbai 400 020 Maharashtra, India Tel: +91 22 2288 2460 Fax: +91 22 2282 6580 E-mail: spandana.ipo@icicisecurities.com Investor grievance E-mail: customercare@icicisecurities.com Website: www.icicisecurities.com Contact Person: Shekher Asnani / Rupesh Khant SEBI Registration No.: INM000011179 **JM Financial Limited** 7th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Maharashtra, India Tel: +91 22 6630 3030 Fax: +91 22 6630 3330 E-mail: ssfl.ipo@jmfl.com Investor grievance E-mail: grievance.ibd@jmfl.com Website: www.jmfl.com Contact Person: Prachee Dhuri SEBI Registration No.: INM000010361
Book Running Lead Managers	
IndusInd Bank Limited 11th Floor, One Indiabulls Centre Tower 1, 841 Senapati Bapat Marg Elphinstone Road Mumbai 400 013 Maharashtra, India Tel: +91 22 7143 2208 Fax: +91 22 7143 2270 E-mail: joshi.rahul@indusind.com Investor grievance E-mail: investmentbanking@indusind.com Website: www.indusind.com Contact Person: Rahul Joshi SEBI Registration No.: INM000005031	**YES Securities (India) Limited** IFC, Tower 1&2 Unit No. 602 A, 6th Floor Senapati Bapat Marg Elphinstone (West) Mumbai 400 013 Maharashtra, India Tel: +91 22 3012 6776 Fax: +91 22 2421 4508 E-mail: spandana.ipo@ysil.in Investor Grievance E-mail: igc@ysil.in Website: www.yesinvest.in Contact Person: Nikhil Bhiwapurkar SEBI Registration No.: INM000012227
Syndicate Member	
JM Financial Services Limited 2, 3 and 4, Karanjawala Chambers, Ground Floor Sir P M Road, Fort Mumbai 400 001 Maharashtra, India Tel: +91 22 6136 3400 Fax: Not available E-mail: surajit.misra@jmfl.com Website: www.jmfinancialservices.in Contact: Surajit Misra/ Deepak Vaidya/ T.N. Kumar SEBI Registration Number: INZ000195834	
Indian Legal Counsel to our Company and the Individual Promoter	
Cyril Amarchand Mangaldas 201, Midford House, Midford Garden	

Off M.G. Road Bangalore 560 001 Karnataka, India Tel: +91 80 2558 4870 Fax: +91 80 2558 4266	
Indian Legal Counsel to the GCBRLMs and the BRLMs	
Shardul Amarchand Mangaldas & Co 24th Floor, Express Towers Nariman Point, Mumbai 400 021 Maharashtra, India Tel.: +91 22 4933 5555 Fax: +91 22 4933 5550	**Shardul Amarchand Mangaldas & Co** Prestige Sterling Square, State Bank of India Road, Shanthala Nagar, Ashok Nagar, Bengaluru 560 001 Karnataka, India Tel.: +91 80 6674 9999 Fax: +91 80 6674 9900
International Legal Counsel to the GCBRMs and the BRLMs	
Clifford Chance Clifford Chance Pte Limited Marina Bay Financial Centre 25th Floor, Tower 3 12 Marina Boulevard Singapore 018 982 Tel: +65 6410 2200 Fax: +65 6410 2288	
Indian Legal Counsel to the Corporate Promoter Selling Shareholder	
Cyril Amarchand Mangaldas 5th Floor, Peninsula Chambers Peninsula Corporate Park Ganpatrao Kadam Marg Lower Parel, Mumbai 400 013 Maharashtra, India Tel: +91 22 2496 4455 Fax: +91 22 2496 3666	
Statutory Auditors to our Company	
S.R. Batliboi & Co. LLP 12th Floor, The Ruby, 29, Senapati Bapat Marg, Dadar (West) Mumbai 400 028, Maharashtra, India E-mail: SRBC@srb.in Tel: +91 22 6819 8000 Fax no: +91 22 6192 1000 Firm Registration No.: 301003E/ E300005	
Registrar to the Offer	
Karvy Fintech Private Limited (formerly known as, KCPL Advisory Services Limited) Karvy Selenium Tower B Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad 500 032 Telangana, India Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 E-mail: spandana.ipo@karvy.org Investor grievance E-mail: einward.ris@karvy.com Website: www.karisma.karvy.com Contact Person: M. Murali Krishna SEBI Registration No.: INR000000221	
Banker(s) to the Offer/ Escrow Collection Bank(s)/ Refund Bank(s)/ Public Offer Account Bank(s)	
Kotak Mahindra Bank Limited Kotak Infiniti, 6th Floor Building No. 21, Infinity Park Off Western Express Highway, General A.K. Vaidya Marg Malad (East), Mumbai 400 097 Maharashtra, India Tel: +91 22 6605 6630 Fax: +91 22 6646 6548 E-mail: prasad.ramaswamy@kotak.com	

Website: www.kotak.com Contact: Prasad Ramaswamy SEBI Registration Number: INZ000195834
Banker to our Company
YES Bank Limited YES Bank Limited, Ground Floor, Mayank Towers Survey No. 31, 31/2new Raj Bhavan Road Somajiguda, Hyderabad 5000 082 Telangana, India Tel: +91 40 3066 1000/ +91 98493 08878 Fax: +91 40 6646 9001 E-mail : gautam.jain@yesbank.in Website: www.yesbank.in Contact Person: Gautam Jain
Sponsor Bank
ICICI Bank Limited Capital Markets Division, 1st Floor 122, Mistry Bhavan, Dinshaw Vachha Road Backbay Reclamation, Churchgate Mumbai 400 020 Maharashtra, India Tel: +91 22 6681 8933/ 23/ 24 Fax: +91 22 2261 1138 E-mail: kmr.saurabh@icicibank.com Website: www.icicibank.com Contact Person: Saurabh Kumar

Self-Certified Syndicate Banks

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

Applications through UPI in the Offer were made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list shall be updated on SEBI website.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circulars CIR/ CFD/ 14/ 2012 dated October 4, 2012 and CIR/ CFD/ POLICYCELL/ 11/ 2015 dated November 10, 2015, Bidders (other than Anchor Investors) could submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Experts

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

Our Company has received written consent dated August 8, 2019, from the Statutory Auditors namely, S.R. Batliboi & Co. LLP, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations in this Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as a Statutory Auditor and in respect of their (i) examination reports, dated June 28, 2019 on our Restated Consolidated Financial Statements and our Restated Standalone Financial Statements; and (ii) their report dated July 16, 2019 on the statement of special tax benefits, included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Monitoring Agency

Our Company has appointed Kotak Mahindra Bank Limited as the monitoring agency to monitor the utilization of Net Proceeds in accordance with Regulation 41 of the 2018 SEBI ICDR Regulations. The details of the Monitoring Agency are as follows:

Kotak Mahindra Bank Limited
4th Floor, Vinay Bhavya Complex
159-A, C.S.T. Road, Kalina
Santacruz (East), Mumbai 400 098
Maharashtra, India
Tel: +91 022 6218 9161/ 69
Fax: +91 022 6713 2416
E-mail: rcadescrow@kotak.com
Website: www.kotak.com
Contact Person: Madhu Sawant

Appraising Entity

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

IPO Grading

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

Inter-se allocation of Responsibilities

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

Sr. No.	Activity	Responsibility	Coordinator
1.	Capital structuring, positioning strategy and due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus and of statutory advertisements including a memorandum containing salient features of this Prospectus. The GCBRLMs and 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.	Axis, I-Sec, IIFL, JM, IndusInd Bank and YES Securities	Axis
2.	Drafting and approval of all statutory advertisement	Axis, I-Sec, IIFL, JM, IndusInd Bank and YES Securities	Axis
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.	Axis, I-Sec, IIFL, JM, IndusInd Bank and YES Securities	JM
4.	Appointment of Intermediaries - Registrar to the Offer, Advertising Agency, Printers to the Offer including co-ordination for agreements.	Axis, I-Sec, IIFL, JM, IndusInd Bank and YES Securities	IIFL
5.	Appointment of Bankers to the Offer including co-ordination for agreements	Axis, I-Sec, IIFL, JM, IndusInd Bank and YES Securities	IIFL
6.	Preparation of Road-show presentation	Axis, I-Sec, IIFL, JM, IndusInd Bank and YES Securities	Axis
7.	Preparation of frequently asked questions by investors	Axis, I-Sec, IIFL, JM, IndusInd Bank and YES Securities	IIFL
8.	Non-institutional and Retail marketing of the Offer, which will cover, *inter alia*, • Finalising media, marketing and public relations strategy;	Axis, I-Sec, IIFL, JM, IndusInd Bank and YES Securities	JM

Sr. No.	Activity	Responsibility	Coordinator
	• Finalising centres for holding conferences for brokers, etc; • Follow-up on distribution of publicity and Offer material including form, this Prospectus and deciding on the quantum of the Offer material; and • Finalising collection centres.		
9.	Domestic Institutional marketing of the Offer, which will cover, *inter alia*: • Institutional marketing strategy; • Finalizing the list and division of domestic investors for one-to-one meetings; and • Finalizing domestic road show and investor meeting schedule.	Axis, I-Sec, IIFL, JM, IndusInd Bank and YES Securities	I-Sec
10.	International Institutional marketing of the Offer, which will cover, *inter alia*: • Institutional marketing strategy; • Finalizing the list and division of international investors for one-to-one meetings; and • Finalizing international road show and investor meeting schedule.	Axis, I-Sec, IIFL, JM, IndusInd Bank and YES Securities	Axis
11.	Coordination with Stock-Exchanges for anchor intimation, book building software, bidding terminals and mock trading, payment of 1% security deposit to the designated stock exchange.	Axis, I-Sec, IIFL, JM, IndusInd Bank and YES Securities	IIFL
12.	Managing the book and finalization of pricing in consultation with the Company.	Axis, I-Sec, IIFL, JM, IndusInd Bank and YES Securities	JM
13.	Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with Registrar, SCSBs and Banks, intimation of allocation and dispatch of refund to Bidders, etc. Post-Offer activities, which shall involve essential follow-up steps including allocation to Anchor Investors, follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising the Issuer 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 and coordination with various agencies connected with the post-Offer activity such as registrar to the Offer, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable. Payment of the applicable securities transactions tax on sale of unlisted equity shares by the Selling Shareholders under the Offer for Sale to the Government and filing of the securities transactions tax return by the prescribed due date as per Chapter VII of Finance(No. 2) Act, 2004. Co-ordination with SEBI and Stock Exchanges for refund of 1% security deposit and submission of all post Offer reports including the initial and final post Offer report to SEBI	Axis, I-Sec, IIFL, JM, IndusInd Bank and YES Securities	I-Sec

Credit Rating

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

Trustees

As this is an offer of Equity Shares, the appointment of trustees is not required.

Book Building Process

Book Building Process, in the context of the Offer, refers to the process of collection of Bids on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and minimum bid lot size was decided by our Company and the Selling Shareholders in consultation with the GCBRLMs, the BRLMs, and advertised in all editions of Financial Express, all editions of Jansatta and all editions of Surya, which are widely circulated English, Hindi and Telugu daily newspapers respectively, (Telugu being the regional language of Telangana where our Registered Office is located) at least two Working Days, as per 2018 SEBI ICDR Regulations, prior to the Bid/ Offer Opening

Date and was made available to the Stock Exchanges for the purpose of uploading on their websites. The Offer Price was determined by our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs after the Bid/ Offer Closing Date.

All Bidders (other than Anchor Investors) have mandatorily participated in the Offer only through the ASBA process.

In accordance with the 2018 SEBI ICDR Regulations, QIBs (other than Anchor Investors) Bidding in the QIB Portion and Non-Institutional Bidders Bidding in the Non-Institutional Portion were not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders could revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Further, Anchor Investors could not withdraw their Bids after the Anchor Investor Bidding Date. Allocation to the Anchor Investors has been on a discretionary basis. For further details, see "*Offer Procedure*" on page 441.

Illustration of Book Building Process and Price Discovery Process

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

For an illustration of the Book Building Process and the price discovery process, see "*Offer Procedure – Part B – Basis of Allocation – Illustration of the Book Building Process and Price Discovery Process*" on page 478.

Underwriting Agreement

Our Company and the Selling Shareholders have entered into an Underwriting Agreement with the Underwriters for the Equity Shares offered through the Offer. The underwriting shall be to the extent of the Bids uploaded, subject to Regulation 13 of the 2009 SEBI ICDR Regulations. Pursuant to the terms of the Underwriting Agreement, the GCBRLMs and the BRLMs shall be responsible for bringing the amount devolved in the event that the Syndicate Member do not fulfil the underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

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

Name, address, telephone number, fax number and e-mail address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (in ₹million)
Axis Capital Limited	2,338,271	2,001.56
ICICI Securities Limited	2,338,271	2,001.56
IIFL Securities Limited*	2,338,271	2,001.56
JM Financial Limited	2,338,271	2,001.47
IndusInd Bank Limited	2,338,271	2,001.56
YES Securities (India) Limited	2,338,271	2,001.56
JM Financial Services Limited	100	0.09

**Pursuant to the transfer of Merchant Banker registration, issued under the SEBI (Merchant Bankers) Regulations, 1992, from IIFL Holdings Limited, as approved by SEBI vide letter dated July 12, 2019, with continuance of registration number*

The above-mentioned underwriting commitments are indicative and will be finalised after determination of Basis of Allotment and subject to the provisions of the 2009 SEBI ICDR Regulations.

In the opinion of our Board (based on representations made 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 registered as brokers with the Stock Exchange(s). Our Board of Directors/ IPO Committee, at its meeting held on August 8, 2019, has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

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

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure purchases for or purchase of the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

Updates from the Red Herring Prospectus to this Prospectus

In addition to the Offer related updates, this Prospectus reflects certain factual updates as at a recent date which have been occurred subsequent to the date of filing of the Red Herring Prospectus.

CAPITAL STRUCTURE

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

(In ₹ million, except share data)

		Aggregate value at face value	Aggregate value at Offer Price
A	**AUTHORIZED SHARE CAPITAL**(1)		
	900,000,000 Equity Shares	9,000.00	-
	1,250,000,000 Preference Shares	12,500.00	
	Total	**21,500.00**	
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	59,633,683 Equity Shares	596.34	-
	Total	**596.34**	
C	**PRESENT OFFER IN TERMS OF THIS PROSPECTUS**		
	Offer of 14,029,622* Equity Shares	140.30*	12,009.36*
	of which		
	Fresh Issue of 4,672,897* Equity Shares(2)	46.73*	4,000.00*
	Offer for Sale of 9,356,725* Equity Shares(3)	93.57*	8,009.36*
D	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		15,414.97
	After the Offer		19,368.23
E	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL PRIOR TO THE OFFER (AFTER CONVERSION OF CONVERTIBLE PREFERENCE SHARES)**		
	59,633,683* Equity Shares	596.34	-
F	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	64,306,580 Equity Shares	643.07	55,046.43

(1) *For details in relation to the changes in the authorised share capital of our Company, including details of the classes of authorized preference share capital of our Company, see "History and Certain Corporate Matters – Amendments to our Memorandum of Association" on page 155*

(2) *The Fresh Issue has been authorized by a resolution of our Board of Directors dated June 14, 2018, and a resolution of our Shareholders at their EGM dated June 14, 2018*

(3) *The Selling Shareholders, severally and not jointly, confirm that their respective proportion of the Offered Shares, have been held by them for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI, or have been issued or received in accordance with Regulation 26(6) of the 2009 SEBI ICDR Regulations, and are eligible for being offered for sale in the Offer as required by Regulation 26(6) of the 2009 SEBI ICDR Regulations.*

(4) *The Offer for Sale has been authorised by the Selling Shareholders in the following manner:*

S. No.	Selling Shareholder	Number of Offered Shares	Date of consent letters
1.	Kangchenjunga	5,967,097	June 18, 2018, as amended on July 23, 2019
2.	Padmaja Gangireddy	1,423,114	June 18, 2018
3.	Vijaya Siva Rami Reddy Vendidandi	796,509	June 18, 2018, as amended on July 23, 2019
4.	Valiant	783,747	June 18, 2018, as amended on July 23, 2019
5.	Helion II	132,831	May 25, 2018, as amended on July 23, 2019
6.	Kedaara AIF 1	129,732	June 18, 2018, as amended on July 23, 2019
7.	Helion	123,695	May 25, 2018, as amended on July 23, 2019

(5) *The calculations have not been adjusted for share issue expenses on account of the Offer that will be deducted from the amount of securities premium received from the Offer*

Notes to the Capital Structure

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

(a) ***Equity Share Capital***

The history of the Equity Share capital of our Company is provided in the following table:

Date of allotment	No. of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
March 10, 2003	50,700	10	10.00	Cash	Initial subscription to the Memorandum of Association(1)	50,700	507,000
December 31, 2003	2,100,000	10	10.00	Cash	Preferential allotment(2)	2,150,700	21,507,000
March 29, 2005	194,300	10	10.00	Cash	Preferential allotment (3)	2,345,000	23,450,000
May 19, 2005	121,000	10	10.00	Cash	Preferential allotment (4)	2,466,000	24,660,000
November 2, 2005	6,165,000	10	-	NA	Bonus issue in the ratio of 2.5 Equity Shares for every Equity Share held by then existing Shareholders(5)	8,631,000	86,310,000
August 3, 2007	1,208,051	10	115.86	Cash	Preferential allotment (6)	9,839,051	98,390,510
October 14, 2008	2,033,977	10	164.78	Cash	Conversion of CCPS (7)	11,873,028	118,730,280
December 1, 2008	1,522,186	10	656.95	Cash	Preferential allotment (8)	13,395,214	133,952,140
March 22, 2010	152,219	10	656.95	Cash	Preferential allotment (9)	13,547,433	135,474,330
October 12, 2011	5,833,334	10	12.00	Cash	Preferential allotment (10)	19,380,767	193,807,670
May 16, 2014	1,000,000	10	50.00	Cash	Preferential allotment (11)	20,380,767	203,807,670
March 31, 2017	8,068,626	10	235.48	Cash	Private Placement (12)	28,449,393	284,493,930
March 8, 2018	1,307,425	10	235.48	Cash	Preferential allotment (13)	29,756,818	297,568,180
May 15, 2018	9,979,615	10	235.48	Cash	Conversion of Class A CCPS (14)	39,736,433	397,364,330
May 15, 2018	5,062,542	10	235.48	Cash	Conversion of Class A1 CCPS (15)	44,798,975	447,989,750
May 15, 2018	8,948,425	10	238.67	Cash	Conversion of Class B CCPS (16)	53,747,400	537,474,000
June 20, 2018	1,135,085	10	235.48	Cash	Conversion of Series C OCRPS (17)	54,882,485	548,824,850
June 20, 2018	283,771	10	235.48	Cash	Conversion of FY 18 Series A OCRPS (18)	55,166,256	551,662,560
June 20, 2018	283,771	10	235.48	Cash	Conversion of FY 18 Series B OCRPS (19)	55,450,027	554,500,270
June 20, 2018	283,771	10	235.48	Cash	Conversion of FY 19 Series A OCRPS (20)	55,733,798	557,337,980
June 20, 2018	283,771	10	235.48	Cash	Conversion of FY 19 Series B OCRPS (21)	56,017,569	560,175,690
June 20, 2018	1,488,544	10	235.48	Cash	Conversion of convertible	57,506,113	575,061,130

Date of allotment	No. of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reason/ Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
					share warrants(22)		
June 21, 2018	2,127,570	10	235.48	Cash	Private placement(23)	59,633,683	596,336,830
Total	**59,633,683**					59,633,683	596,336,830

(1) 20,000 Equity Shares were allotted to Padmaja Gangireddy, 12,000 Equity Shares were allotted to Vijaya Siva Rami Reddy Vendidandi, 10,000 Equity Shares were allotted to Koteswaramma Yenumula, 4,100 Equity Shares were allotted to Asha Latha Mettla, 2,500 Equity Shares were allotted to Dr. Gangireddy Venkateswara Reddy, 1,100 Equity Shares were allotted to Nagamalleswara Rao and 1,000 Equity Shares were allotted to Bala Showraiah Narishetty pursuant to subscription to the MoA

(2) 2,000,000 Equity Shares were allotted to Yenumula Koteswaramma on behalf of Spandana Mutual Benefit Trust and 100,000 Equity Shares were allotted to Padmaja Gangireddy

(3) 153,900 Equity Shares were allotted to Padmaja Gangireddy, 14,000 Equity Shares were allotted to Koteswaramma Yenumula, 10,500 Equity Shares were allotted to Venkata Narendra Prasad Moparthi, 10,000 Equity Shares were allotted to Asha Latha Mettla, 4,000 Equity Shares were allotted to Vijaya Siva Rami Reddy Vendidandi and 1,900 Equity Shares were allotted to Yenumula Koteswaramma on behalf of Spandana Mutual Benefit Trust

(4) 24,000 Equity Shares were allotted to Vijaya Siva Ram Reddy Vendidandi, 5,000 Equity Shares were allotted to Padmaja Gangireddy, 4,500 Equity Shares were allotted to Venkata Narendra Prasad Moparthi, 4,000 Equity Shares were allotted to Asha Latha Mettla, 3,000 Equity Shares were allotted to Gopi Chand Muppalla, 3,000 Equity Shares were allotted to Ramanjaneyulu Dasari, 3,000 Equity Shares were allotted to Rama Rao Athota, 3,000 Equity Shares were allotted to Sri Hari Chunduri, 3,000 Equity Shares were allotted to Raja Sekhar Reddymasu, 3,000 Equity Shares were allotted to Raja Bulla, 3,000 Equity Shares were allotted to Srinivasa Rao Goli, 3,000 Equity Shares were allotted to Peddi Reddy Bapathu, 3,000 Equity Shares were allotted to Nageswara Rao Ade, 2,500 Equity Shares were allotted to Salomon Sridhar Lam, 2,500 Equity Shares were allotted to Suresh Kumar Ravi, 2,000 Equity Shares were allotted to Nageswara Rao Nunna, 1,500 Equity Shares were allotted to Siva Naga Raju Goli, 1,500 Equity Shares were allotted to China Nageswara Rao Pallepogu, 1,500 Equity Shares were allotted to Venkateswarlu Gogula, 1,500 Equity Shares were allotted to Anand Babu Amrutaluri, 1,500 Equity Shares were allotted to Nageswara Rao Panditi, 1,500 Equity Shares were allotted to Venkateswarlu Kottapalli, 1,500 Equity Shares were allotted to Narasimha Rao Reddymasu, 1,500 Equity Shares were allotted to Nanda Kishore Chilka, 1,500 Equity Shares were allotted to Raju Dasari, 1,500 Equity Shares were allotted to Kishore Borupothu, 1,500 Equity Shares were allotted to Appa Rao Marri, 1,500 Equity Shares were allotted to Bhupal Reddy Akki, 1,500 Equity Shares were allotted to Sampath Kumari Puli, 1,500 Equity Shares were allotted to Venkata Swamy Babu Sura, 1,500 Equity Shares were allotted to Kiran Kumar Dividevara, 1,500 Equity Shares were allotted to Chandra Nageswara Rao Vaddi, 1,500 Equity Shares were allotted to Ramaiah Medikondu, 1,500 Equity Shares were allotted to Rama Krishna Ammisetty, 1,500 Equity Shares were allotted to Vishnu Siripurapu, 1,500 Equity Shares were allotted to Jagadeesh Katakam, 1,500 Equity Shares were allotted to Bhushanam Duru, 1,500 Equity Shares were allotted to Raham Tulla Shaik, 1,500 Equity Shares were allotted to Rajesh Babu Peravali, 1,000 Equity Shares were allotted to Padmaja Chirakala, 1,000 Equity Shares were allotted to Jyothi Narisetty, 1,000 Equity Shares Samsonu Devarapalli, 1,000 Equity Shares were allotted to Nagamani Kaki, 1,000 Equity Shares were allotted to Sri Vani Puli, 1,000 Equity Shares were allotted to Rama Krishna Akula, 1,000 Equity Shares were allotted to Anjaneyulu Gaddam, 1,000 Equity Shares were allotted to Jaya Rao Merigala, 1,000 Equity Shares were allotted to Ravi Babu Gadde, 1,000 Equity Shares were allotted to Venkateswarlu Ande, 1,000 Equity Shares were allotted to Veera Swamy Athota, 1,000 Equity Shares were allotted to Edu Kondalu Gudikondula, 1,000 Equity Shares were allotted to Baji Shaik, 1,000 Equity Shares were allotted to Venu Babu Annaladasu, 250 Equity Shares were allotted to Yesu Babu Battini, 250 Equity Shares were allotted to Pakeer Saheb Shaik, 250 Equity Shares were allotted to Seshu Kasturi and 250 Equity Shares were allotted to Naga Raju Kotra

(5) 2,897,500 Equity Shares were allotted to Padmaja Gangireddy, 2,475,000 Equity Shares were allotted to Vijaya Siva Rami Reddy Vendidandi, 193,750 Equity Shares were allotted to Koteswaramma Yenumala, 150,000 Equity Shares were allotted to Asha Latha Mettla, 75,000 Equity Shares were allotted to Venkata Narendra Prasad Moparthi, 3,750 Equity Shares were allotted to Sampath Kumari Puli, 31,250 Equity Shares were allotted to Salomon Sridhar Lam, 12,500 Equity Shares were allotted to Nageswara Rao Nunna, 7,500 Equity Shares were allotted to Gopi Chand Muppalla, 3,750 Equity Shares were allotted to Siva Naga Raju Goli, 3,750 Equity Shares were allotted to Bhupal Reddy Akki, 2,500 Equity Shares were allotted to Veera Swamy Athota, 3,750 Equity Shares were allotted to Venkata Swamy Babu Sura, 3,750 Equity Shares were allotted to Kiran Kumar Dividevara, 3,750 Equity Shares were allotted to Chandra Nageswara Rao Vaddi, 3,750 Equity Shares were allotted to Ramaiah Medikondu, 15,000 Equity Shares were allotted to Ramanjaneyulu Dasari, 3,750 Equity Shares were allotted to Rama Krishna Ammisetty, 2,500 Equity Shares were allotted to Rama Krishna Akula, 2,500 Equity Shares were allotted to Anjaneyulu Gaddam, 2,500 Equity Shares were allotted to Jaya Rao Merigala, 3,750 Equity Shares were allotted to Vishnu Siripurapu, 2,500 Equity Shares allotted to Ravi Babu Gadde, 3,750 Equity Shares were allotted to Jagadeesh Katakam, 3,750 Equity Shares were allotted to Bhushanam Duru, 27,500 Equity Shares allotted to Peddi Reddy Bapathu, 7,500 Equity Shares were allotted to Nageswara Rao Ade, 3,750 Equity Shares were allotted to Raham Tulla Shaik, 3,750 Equity Shares were allotted to Venkateswara Reddy Bapathu, 7,500 Equity Shares were allotted to Srinivasa Rao Goli, 6,250 Equity Shares were allotted to Suresh Kumar Ravi, 2,500 Equity Shares were allotted to Padmaja Chirakala, 3,750 Equity Shares were allotted to Venkateswarlu Kottapalli, 2,500 Equity Shares were allotted to Jyothi Narisetty, 2,500 Equity Shares were allotted to Samsonu Devarapalli, 2,500 Equity Shares were allotted to Nagamani Kaki, 2,500 Equity Shares were allotted to Sri Vani Puli, 3,750 Equity Shares were allotted to China Nageswara Rao Pallepogu, 3,750 Equity Shares were allotted to Raju Dasari, 3,750 Equity Shares were allotted to Kishore Borupothu, 3,750 Equity Shares were allotted to Appa Rao Marri, 2,500 Equity Shares were allotted to Venkateswarlu Ande, 2,500 Equity Shares were allotted to Brahmananda Reddy Chirala, 3,750 Equity Shares were allotted to Nanda Kishore Chilka, 2,500 Equity Shares were allotted to Baji Shaik, 2,500 Equity Shares were allotted to Venu Babu Annaladasu, 7,500 Equity Shares were allotted to Sri Hari Chunduri, 7,500 Equity Shares were allotted to Rama Rao Athota, 12,500 Equity Shares were allotted to Raja Sekhar Reddymasu, 7,500 Equity Shares were allotted to Raja Bulla, 3,750 Equity Shares were allotted to Venkateswarlu Gogula, 3,750 Equity Shares were allotted to Anand Babu Amrutaluri, 3,750 Equity Shares were allotted to Narasimha Rao Reddymasu, 625 Equity Shares were allotted to Yesu Babu Battini, 625 Equity Shares were allotted to Pakeer Saheb Shaik, 625 Equity Shares were allotted to Seshu Kasturi, 625 Equity Shares were allotted to Naga Raju Kotra, 3,750 Equity Shares were allotted to Nageswara Rao Panditi and 100,000 Equity Shares were allotted to Venkata Ramana Reddy Godi

(6) *983,905 Equity Shares were allotted to JM Financial Trustee Company Private Limited and 224,146 Equity Shares were allotted to Lok Capital LLC*
(7) *1,656,590 Equity Shares were allotted to JM Financial Trustee Company Private Limited upon conversion of 27,297,353 compulsorily convertible preference shares; and 377,387 Equity Shares were allotted to Lok Capital LLC upon conversion of 6,218,688 compulsorily convertible preference shares*
(8) *1,522,186 Equity Shares were allotted to Valiant Mauritius Partners FDI Limited*
(9) *152,219 Equity Shares were allotted to Valiant Mauritius Partners FDI Limited*
(10) *3,269,621 Equity Shares were allotted to JM Financial Trustee Company Private Limited, 1,997,375 Equity Shares were allotted to Valiant Mauritius Partners FDI Limited, 222,500 Equity Shares were allotted to Raghu Vinay (on behalf of Spandana Employees Welfare Trust), 181,919 Equity Shares were allotted to Helion Ventures Partners II, LLC and 181,919 Equity Shares were allotted to Helion Venture Partners, LLC*
(11) *544,000 Equity Shares were allotted to JM Financial Trustee Company Private Limited, 330,000 Equity Shares were allotted to Valiant Mauritius Partners FDI Limited, 90,000 Equity Shares were allotted to Helion Venture Partners II, LLC and 36,000 Equity Shares were allotted to Helion Venture Partners, pursuant to the Rupee Term Loan Agreement dated April 29, 2014. For details, see "History and Certain Corporate Matters - Other Agreements" on page 162*
(12) *7,896,937 Equity Shares were allotted to Kangchenjunga and 171,689 Equity Shares were allotted to Kedaara AIF 1*
(13) *650,790 Equity Shares were allotted to Valiant Mauritius Partners FDI Limited, 541,535 Equity Shares were allotted to JM Financial Products Limited, 74,954 Equity Shares were allotted to Padmaja Gangireddy, 38,512 Equity Shares were allotted to Raghu Vinay on behalf of Spandana Employee Welfare Trust and 1,634 Equity Shares were allotted to Bala Deepthi Gangireddy*
(14) *9,767,263 Equity Shares were allotted to Kangchenjunga and 212,352 Equity Shares were allotted to Kedaara AIF 1 upon conversion of 234,999,997 Class A CCPS*
(15) *4,954,819 Equity Shares were allotted to Kangchenjunga and 107,723 Equity Shares were allotted to Kedaara AIF 1 upon conversion of 119,212,760 Class A1 CCPS*
(16) *8,758,017 Equity Shares were allotted to Kangchenjunga and 190,408 Equity Shares were allotted to Kedaara AIF 1 upon conversion of 791,007,721 Class B CCPS*
(17) *1,135,085 Equity Shares were allotted to Padmaja Gangireddy upon conversion of 1,135,085 Series C OCRPS*
(18) *283,771 Equity Shares were allotted to Padmaja Gangireddy upon conversion of 283,711 FY18 Series A OCRPS*
(19) *283,771 Equity Shares were allotted to Padmaja Gangiredy upon conversion of 283,771 FY18 Series B OCRPS*
(20) *283,771 Equity Shares were allotted to Padmaja Gangireddy upon conversion of 283,771 FY19 Series A OCRPS*
(21) *283,771 Equity Shares were allotted to Padmaja Gangireddy upon conersionof 283,771 FY19 Series B OCRPS*
(22) *1,488,544 Equity Shares were allotted to Padmaja Gangireddy upon conversion of 1,488,544 convertible share warrants*
(23) *2,031,988 Equity Shares were allotted to Padmaja Gangireddy, 72,402 Equity Shares were allotted to Abdul Feroz Khan, 9,748 Equity Shares were allotted to Venkata Nageswararao, 9,185 Equity Shares were allotted to Raju Danttu, and 4,247 Equity Shares were allotted to Abanti Mitra*

(b) ***Preference Share Capital***

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

Date of allotment	No. of Preference Shares allotted	Face value per Preference Share (₹)	Issue / Acquisition/ Transfer price per Preference Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Preference Shares*	Cumulative paid-up Preference Share capital* (₹)
CCPS							
August 3, 2007	33,516,041	10	10.00	Cash	Preferential allotment(1)	33,516,041	335,160,410
OCCRPS							
September 26, 2011	943,700,000	10	-^	Other than cash	Allotment pursuant to the Master Restructuring Agreement(2)	943,700,000	9,437,000,000
Promoter OCRPS							
March 31, 2017	2,270,169	10	235.48	Cash	Preferential allotment(3)	2,270,169	22,701,690
Class A CCPS							
March 31, 2017	110,000,008	10	10.00	Cash	Private placement(4)	110,000,008	1,100,000,080
December 4, 2017	124,999,989	10	10.00	Cash	Preferential allotment(5)	234,999,997	2,349,999,970
Class A1 CCPS							
March 8, 2018	119,212,760	10	10.00	Cash	Preferential allotment(6)	119,212,760	1,192,127,600

***** *As of the date of allotment of such Preference Shares*
^ *As part of the Corporate Debt Restructuring, the OCCRPS of the Company were transferred to India Infoline Finance Limited pursuant to the Settlement Agreement dated March 21, 2017 entered into between the Company, the CDR Lenders, ICICI Bank Limited and IDBI Trusteeship Services Limited. The OCCRPS were converted into 791,007,721 Class B CCPS and subsequently transferred by India Infoline Finance Limited to Kangchenjunga and Kedaara AIF 1 pursuant to the Share Purchase Agreement dated March 27, 2017. For further details, see "History and Certain Corporate Matters - Summary of Key Agreements and Shareholders' Agreements" on page 159*
(1) *27,297,353 CCPS were allotted to JM Financial Trustee Company Private Limited and 6,218,688 CCPS were allotted to Lok Capital LLC. Subsequently, these CCPS were converted into Equity Shares on October 14, 2008. For details in relation to the*

allotment of Equity Shares pursuant to the conversion, see " – Share Capital History of our Company – Equity Share Capital" on page 75

(2) *943,700,000 OCCRPS were allotted to the CDR Lenders pursuant to the terms and conditions set out in the Master Restructuring Agreement. From the date of issue of the OCCRPS up to Fiscal 2016, our Company redeemed the OCCRPS to the extent of ₹1,526.92 million. Subsequently, these OCCRPS were converted into 791,007,721 Class B CCPS, which were in turn converted into 8,948,425 Equity Shares on May 15, 2018. For further details on the Master Restructuring Agreement, see "History and Certain Corporate Matters – Other Agreements" on page 162*

(3) *1,135,085 Series C OCRPS, 283,771 FY18 Series A OCRPS, 283,771 FY18 Series B OCRPS, 283,771 FY19 Series A OCRPS and 283,771 FY19 Series B OCRPS were allotted to Padmaja Gangireddy. These OCRPS were partly paid-up to the extent of ₹0.04 on the face value of ₹10 per OCRPS at the time of allotment and thereafter, on June 20, 2018, they were fully paid-up on payment of the balance subscription amounts and converted into Equity Shares. For details in relation to the allotment of Equity Shares pursuant to the conversion, see "- Share Capital History of our Company – Equity Share Capital"*

(4) *107,659,360 Class A CCPS were allotted to Kangchenjunga and 2,340,648 Class A CCPS were allotted to Kedaara AIF 1. Subsequently, these Class A CCPS were converted into Equity Shares on May 15, 2018*

(5) *122,340,172 Class A CCPS were allotted to Kangchenjunga and 2,659,817 Class A CCPS were allotted to Kedaara AIF 1. Subsequently, these Class A CCPS were converted into Equity Shares on May 15, 2018*

(6) *116,676,087 Class A1 CCPS were issued to Kangchenjunga and 2,536,673 Class A1 CCPS were issued to Kedaara AIF 1. Subsequently, these Class A1 CCPS were converted into Equity Shares on May 15, 2018*

As on the date of this Prospectus, our Company does not have any outstanding Preference Shares.

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

Our Company has not issued Equity Shares at a price which may be lower than the Offer Price during a period of one year preceding the date of this Prospectus.

3. **Issue of shares for consideration other than cash or out of revaluation reserves or bonus issue**

(a) Our Company has not issued any Equity Shares or Preference Shares, including any bonus shares, out of revaluation reserves at any time since incorporation.

(b) Except as stated below, our Company has not issued Equity Shares or Preference Shares for consideration other than cash or by way of bonus issue as on the date of this Prospectus:

Date of Allotment	No. of Equity Shares/ Preference Shares allotted	Face Value per Equity Share/ Preference Share (₹)	Issue price (₹)	Reason for allotment	Benefits accrued to our Company
November 2, 2005	6,165,000	10	-	Bonus issue in the ratio of 2.5 Equity Shares for every Equity Share held by then existing Shareholders	Nil
September 26, 2011	943,700,000	10	-	Allotment of OCCRPS to the CDR lenders pursuant to the terms and conditions set out in the Master Restructuring Agreement	Restructuring of debt pursuant to the CDR process

For more details, please see "- *History of Equity Share Capital*" on page 75.

4. **History of the Equity Share Capital held by our Promoters**

As on the date of this Prospectus, our Promoters hold 46,940,336 Equity Shares, constituting 78.71% of the issued, subscribed and paid-up Equity Share capital of our Company.

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

Date of allotment/ transfer	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Acquisition / Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre-Offer Equity Share Capital	Percentage (%) of post-Offer Equity Share Capital**
Padmaja Gangireddy							
March 10, 2003	20,000	10	10.00	Cash	Subscription to the Memorandum of Association	0.03	0.03
December 31, 2003	100,000	10	10.00	Cash	Preferential allotment	0.17	0.16

Date of allotment/ transfer	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Acquisition / Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre-Offer Equity Share Capital	Percentage (%) of post-Offer Equity Share Capital**
December 28, 2004	(118,000)	10	10.45	Cash	Transfer to Spandana Mutual Benefit Trust	(0.20)	(0.18)
January 7, 2005	398,000	10	10.00	Cash	Transfer from Spandana Mutual Benefit Trust	0.67	0.62
March 28, 2005	1,100	10	10.00	Cash	Transfer from Naga Malleswara Rao Janjam	Negligible*	0.00
March 29, 2005	153,900	10	10.00	Cash	Preferential allotment of Equity Shares	0.26	0.24
May 19, 2005	5,000	10	10.00	Cash	Preferential allotment	0.01	0.01
June 6, 2005	20,000	10	11.00	Cash	Transfer from Spandana Mutual Benefit Trust	0.03	0.03
August 29, 2005	400,000	10	10.00	Cash	Transfer from Spandana Mutual Benefit Trust	0.67	0.62
October 7, 2005	179,000	10	10.00	Cash	Transfer from Spandana Mutual Benefit Trust	0.30	0.28
November 2, 2005	2,897,500	10	-	NA	Bonus issue in the ratio of 2.5 Equity Shares for every Equity Share held by then existing Shareholders	4.86	4.51
December 3, 2005	31,500	10	10.00	Cash	Transfer from Yesu Babu Battini, Venkateswara Reddy Bapathu, Rama Rao Athota, Rama Krishna Ammisetty, Rama Krishna Akula, Pakeer Saheb Shaik and Chandra Nageswara Rao Vaddi	0.05	0.05
December 12, 2005	137,500	10	Nil	NA	Transfer from Venkata Narendra Prasad Moparthi	0.23	0.21
February 22, 2006	(29,750)	10	Nil	NA	Transfer to Spandana Employees Welfare Trust	(0.05)	(0.05)
February 22, 2006	(328,250)	10	10.00	Cash	Transfer to Spandana Mutual Benefit Trust	(0.55)	(0.51)

Date of allotment/ transfer	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Acquisition / Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre-Offer Equity Share Capital	Percentage (%) of post-Offer Equity Share Capital**
September 15, 2006	2,000,000	10	Nil	NA	Transfer from Vijaya Siva Ram Reddy Vendidandi	3.35	3.11
September 20, 2006	328,250	10	11.00	Cash	Transfer from Spandana Mutual Benefit Trust	0.55	0.51
July 20, 2007	(12,811)	10	115.86	Cash	Transfer to Lok Capital LLC	(0.02)	(0.02)
July 20, 2007	(56,237)	10	115.86	Cash	Transfer to JM Financial Trustee Company Private Limited	(0.09)	(0.09)
November 4, 2008	(10,500)	10	300.00	Cash	Transfer to Venkata Narendra Prasad Moparthi	(0.02)	(0.02)
August 27, 2009	(755)	10	Nil	NA	Transfer to Baji Shaik	Negligible*	0.00
August 27, 2009	(10,000)	10	Nil	NA	Transfer to Bala Deepthi Gangireddy	(0.02)	(0.02)
August 27, 2009	(11,320)	10	Nil	NA	Transfer to Asha Latha Mettla	(0.02)	(0.02)
March 18, 2010	20,500	10	656.95	Cash	Transfer from Venkata Narendra Prasad Moparthi	0.03	0.03
October 8, 2010	(10,508)	10	656.95	Cash	Transfer to JM Financial Trustee Company Private Limited	(0.02)	(0.02)
October 8, 2010	(305,731)	10	Nil	NA	Transfer to Vendidandi Revan Sahith Reddy	(0.51)	(0.48)
June 30, 2014	395,118	10	Nil	NA	Transfer from Vendidandi Revan Saahith Reddy	0.66	0.61
January 30, 2016	755	10	100.00	Cash	Transfer from SK Baji	Negligible*	0.00
April 29, 2017	(8,295)	10	271.22	Cash	Transfer to Kedaara AIF 1	(0.01)	(0.01)
May 3, 2017	(381,554)	10	271.22	Cash	Transfer to Kangchenjunga	(0.64)	(0.59)
March 8, 2018	74,954	10	235.48	Cash	Preferential allotment	0.13	0.12
June 20, 2018	1,135,085	10	235.48	Cash	Conversion of Series C OCRPS	1.90	1.77
June 20, 2018	283,771	10	235.48	Cash	Conversion of FY 18 Series A OCRPS	0.48	0.44
June 20, 2018	283,771	10	235.48	Cash	Conversion of FY 18 Series B OCRPS	0.48	0.44
June 20, 2018	283,771	10	235.48	Cash	Conversion of FY 19 Series A OCRPS	0.48	0.44
June 20, 2018	283,771	10	235.48	Cash	Conversion of FY 19 Series B OCRPS	0.48	0.44

Date of allotment/ transfer	Number of Equity Shares	Face Value per Equity Share (₹)	Issue/ Acquisition / Transfer price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Percentage (%) of pre-Offer Equity Share Capital	Percentage (%) of post-Offer Equity Share Capital**
June 20, 2018	1,488,544	10	235.48	Cash	Conversion of convertible share warrants	2.50	2.31
June 21, 2018	2,031,988	10	235.48	Cash	Private placement	3.41	3.16
Sub-total (A)	**11,670,067**					**19.57**	**18.15**
Kangchenjunga							
March 31, 2017	7,896,937	10	235.48	Cash	Preferential allotment	13.24	12.28
May 3, 2017	381,554	10	271.22	Cash	Transfer from Padmaja Gangireddy	0.64	0.59
July 18, 2017	2,351,561	10	235.48	Cash	Transfer from JM Financial India Fund III Scheme C and D, through its trustees JM Financial Trustee Company Private Limited	3.94	3.66
March 12, 2018	312,276	10	235.48	Cash	Transfer from Lok Advisory Services Private Limited	0.52	0.49
April 16, 2018	847,842	10	263.44	Cash	Transfer from JM Financial India Fund III Scheme C and Scheme D	1.42	1.32
May 15, 2018	9,767,263	10	235.48	Cash	Conversion of Class A CCPS	16.38	15.19
May 15, 2018	4,954,819	10	235.48	Cash	Conversion of Class A1 CCPS	8.31	7.70
May 15, 2018	8,758,017	10	238.67	Cash	Conversion of Class B CCPS	14.69	13.62
Sub-total (B)	**35,270,269**					**59.14**	**54.85**
Total (A+B)	**46,940,336**					**78.71**	**72.99**

** Less than 0.01%*

***Subject to finalisation of Basis of Allotment*

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares. As on the date of this Prospectus, none of the Equity Shares held by our Promoters are pledged.

(b) Shareholding of the Promoters and the Promoter Group

The table below presents the shareholding pattern of our Promoters and Promoter Group as on the date of this Prospectus:

Sr. No.	Name of the person	Pre-Offer		Post-Offer*	
		No. of Equity Shares	Percentage of issued Equity Share Capital (%)	No. of Equity Shares	Percentage of issued Equity Share Capital (%)
Promoters					
1.	Padmaja Gangireddy	11,670,067	19.57	11,670,067	18.15
2.	Kangchenjunga	35,270,269	59.14	35,270,269	54.85
Total (A)		46,940,336	78.71	46,940,336	72.99
Members of the Promoter Group					
3.	Vijay Siva Rami Reddy Vendidandi	1,491,483	2.50	1,491,483	2.32

Sr. No.	Name of the person	Pre-Offer		Post-Offer*	
		No. of Equity Shares	Percentage of issued Equity Share Capital (%)	No. of Equity Shares	Percentage of issued Equity Share Capital (%)
Total (B)		1,491,483	2.50	1,491,483	2.32
Total		48,431,819	81.21	48,431,819	75.31

Subjet to finalisation of the Basis of Allotment

(c) *Details of Promoters' contribution and lock-in:*

Pursuant to Regulations 32 and 36 of the 2009 SEBI ICDR Regulations, at least an aggregate of 20% of the fully diluted post-Offer equity share capital of our Company held by our Promoters shall be locked-in for a period of three years from the date of Allotment and our Promoters' shareholding in excess of 20% shall be locked in for a period of one year from date of Allotment. The Equity Shares that are being locked-in are not and will not be ineligible for computation of minimum Promoters' contribution under Regulation 33 of the 2009 SEBI ICDR Regulations. In this regard, our Company confirms that the Equity Shares being locked-in do not consist of:

(i) Equity Shares acquired during the preceding three years (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets; or (b) result from a bonus issue by utilization of revaluation reserves or unrealized profits of our Company or from a bonus issue against Equity Shares which are ineligible for computation of minimum Promoters' contribution;

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

(iii) Our Company has not been formed by conversion of one or more partnership firms, and hence no Equity Shares have been allotted to our Promoters in the one year immediately preceding the date of this Prospectus pursuant to conversion from a partnership firm.

Further, our Promoters specifically confirm that the Equity Shares held by each of our Promoters that are offered as part of the minimum Promoters' contribution are not subject to any pledge or any other encumbrance. The lock-in of the minimum Promoters' contribution would be created as per applicable law and procedures and details of the same shall also be provided to the Stock Exchanges before the listing of the Equity Shares. All shares held by our Promoters are in dematerialized form as on the date of this Prospectus. The details of the Equity Shares held by our Promoters and locked-in as minimum Promoters' contribution are given below:

Name of the Promoter	No. of Equity Shares	Date of allotment/ transfer of Equity Shares	Nature of Transaction	Face Value per Equity Share (₹)	Issue/ Acquisition Price per Equity Share (₹)	Percentage (%) to Pre-Offer Paid-up Capital	Percentage (%) to Post-Offer Paid-up Capital
Padmaja Gangireddy	1,781,885	November 2, 2005	Allotment	10	-	2.99	2.77
Padmaja Gangireddy	4,000	December 3, 2005	Acquisition	10	10.00	0.01	0.01
Padmaja Gangireddy	123,400	December 12, 2005	Acquisition	10	-	0.21	0.19
Padmaja Gangireddy	2,000,000	September 15, 2006	Acquisition	10	-	3.35	3.11
Padmaja Gangireddy	28,250	September 20, 2006	Acquisition	10	11.00	0.05	0.04
Padmaja Gangireddy	15,512	March 18, 2010	Acquisition	10	656.95	0.03	0.02
Padmaja Gangireddy	395,118	June 30, 2014	Acquisition	10	-	0.66	0.62
Padmaja Gangireddy	755	January 30, 2016	Acquisition	10	100.00	0.00	0.00
TOTAL	**4,348,920**					**7.30**	**6.76**
Kangchenjunga Limited	7,896,937	March 31, 2017	Allotment	10	235.48	13.24	12.28
Kangchenjunga Limited	381,554	May 2, 2017	Acquisition	10	271.22	0.64	0.59
Kangchenjunga Limited	233,905	May 15, 2018	Allotment	10	235.48	0.39	0.37
TOTAL	**8,512,396**					**14.27**	**13.24**

Name of the Promoter	No. of Equity Shares	Date of allotment/ transfer of Equity Shares	Nature of Transaction	Face Value per Equity Share (₹)	Issue/ Acquisition Price per Equity Share (₹)	Percentage (%) to Pre-Offer Paid-up Capital	Percentage (%) to Post-Offer Paid-up Capital
TOTAL	**12,861,316**					**21.57**	**20.00**

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares. The minimum Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and has been contributed by the person defined as a promoter under the 2009 SEBI ICDR Regulations.

(d) Details of share capital locked-in for one year:

In terms of the Regulation 37 of the 2009 SEBI ICDR Regulations, in addition to the Equity Shares proposed to be locked-in as part of our minimum Promoters' contribution as stated above, the entire pre-Offer equity share capital of our Company, shall be locked in for a period of one year from the date of allotment, except (i) for the Offered Shares; (ii) any Equity Shares held by or which may be allotted to the employees of our Company (who will continue to be employees of our Company as on date of Allotment) under the Spandana ESOP Plan, 2018 and the Spandana Employee Stock Option Scheme, 2018 or any other employee stock option or stock purchase scheme of our Company; (iii) any Equity shares held by Shareholders, who are registered as VCFs, category I AIFs, category II AIFs or FVCI or any other shareholder as prescribed under the SEBI ICDR Regulations. Equity Shares held by Kedaara AIF 1 and JM Financial India Trust II - JM Financial India Fund II as on the date of this Prospectus, shall not be subject to lock-in for one year since Kedaara AIF 1 and JM Financial India Trust II (holding Equity Shares through JM Financial India Fund II) are registered category II AIFs.

***(e) Other requirements in respect of lock-in*:**

Pursuant to Regulation 39 of the 2009 SEBI ICDR Regulations, the locked-in Equity Shares held by our Promoters can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such scheduled commercial bank or public financial institution, provided that (i) if the Equity Shares are locked-in as minimum Promoters' contribution for three years under Regulation 36(a) of the 2009 SEBI ICDR Regulations, then such Equity shares may be pledged only if the loan has been granted by the scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Fresh Issue; (ii) if the Equity Shares not forming part of minimum Promoters' contribution are locked-in under Regulation 36(b) of the 2009 SEBI ICDR Regulations for one year, the pledge of such Equity Shares is one of terms of the sanction of the loan.

Pursuant to Regulation 40 of the 2009 SEBI ICDR Regulations, Equity Shares held by our Promoters, which are locked-in in accordance with Regulation 36 of the 2009 SEBI ICDR Regulations, may be transferred to any Promoter, any member of the Promoter Group, or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with the Takeover Regulations, as applicable and such transferee shall not be eligible to transfer them till the lock-in period stipulated in 2009 SEBI ICDR Regulations has expired.

Further, pursuant to Regulation 40 of the 2009 SEBI ICDR Regulations, Equity Shares held by Shareholders other than our Promoters which are locked-in in accordance with Regulation 37 of the 2009 SEBI ICDR Regulations, may be transferred to any other person holding shares which are locked-in, subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with the Takeover Regulations, as applicable and such transferee shall not be eligible to transfer them till the lock-in period stipulated in 2009 SEBI ICDR Regulations has expired.

(f) Lock-in of Equity Shares Allotted to Anchor Investors:

Any 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.

5. Details of the Equity Share capital held by the directors of our Corporate Promoter

As of the date of this Prospectus, the directors of our Corporate Promoter do not hold any Equity Shares.

6. **Shareholding Pattern of our Company**

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

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights						No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class	Class	Total	Total as a % of (A+B)							
(A)	**Promoters and Promoter Group**	3	48,431,819	-	-	48,431,819	81.22	48,431,819	-	48,431,819	81.22	-	81.22	-	-	-	-	48,431,819
(B)	**Public**	13	11,201,864	-	-	11,201,864	18.78	11,201,864	-	11,201,864	18.78	-	18.78	-	-	-	-	11,197,364
(C)	**Non Promoter – Non Public**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	**Shares underlying DRs**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	**Shares held by Employee Trusts**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A) + (B)	16	59,633,683	-	-	59,633,683	100.00	59,633,683	-	59,633,683	100.00	-	100.00	-	-	-	-	59,629,183

7. **Top 10 Shareholders:**

(a) Our top 10 Shareholders as on the date of filing of this Prospectus are as follows:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage (%)
1.	Kangchenjunga Limited	35,270,269	59.14
2.	Padmaja Gangireddy	11,670,067	19.57
3.	Valiant Mauritius Partners FDI Limited	4,632,570	7.77
4.	JM Financial India Trust II - JM Financial India Fund II	3,313,314	5.56
5.	Vijaya Siva Rami Reddy Vendidandi	1,491,483	2.50
6.	Helion Venture Partners II LLC	785,135	1.32
7.	Kedaara AIF 1	766,815	1.29
8.	Helion Venture Partners LLC	731,136	1.23
9.	JM Financial Products Limited	541,535	0.91
10.	Spandana Employee Welfare Trust	274,143	0.46
	Total	**59,476,467**	**99.74**

(b) Our top 10 Shareholders 10 days prior to the date of filing of this Prospectus are as follows:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage (%)
1.	Kangchenjunga Limited	35,270,269	59.14
2.	Padmaja Gangireddy	11,670,067	19.57
3.	Valiant Mauritius Partners FDI Limited	4,632,570	7.77
4.	JM Financial India Trust II - JM Financial India Fund II	3,313,314	5.56
5.	Vijaya Siva Rami Reddy Vendidandi	1,491,483	2.50
6.	Helion Venture Partners II LLC	785,135	1.32
7.	Kedaara AIF 1	766,815	1.29
8.	Helion Venture Partners LLC	731,136	1.23
9.	JM Financial Products Limited	541,535	0.91
10.	Spandana Employee Welfare Trust	274,143	0.46
	Total	**59,476,467**	**99.74**

(c) Our top 10 Shareholders two years prior to the date of filing of this Prospectus are as follows:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage (%)
1.	Kangchenjunga Limited	10,630,052	37.36
2.	Padmaja Gangireddy	5,804,412	20.40
3.	Valiant Mauritius Partners FDI Limited	3,981,780	14.00
4.	JM Financial Products Limited	2,435,286	8.56
5.	JM Financial Trustee Company Private Limited	1,744,303	6.13
6.	Vijaya Siva Rami Reddy Vendidandi	1,491,483	5.24
7.	Helion Venture Partners II LLC	785,135	2.76
8.	Helion Venture Partners LLC	731,136	2.57
9.	Lok Advisory Services Private Limited	319,065	1.12
10.	Spandana Employee Welfare Trust	235,631	0.83
	Total	**28,158,283**	**98.98**

8. **Details of Equity Shares held by our Directors and Key Management Personnel in our Company**

Except for Padmaja Gangireddy, our Managing Director, who holds 11,670,067 Equity Shares, Abanti Mitra, our Independent Director, who holds 4,247 Equity Shares and Abdul Feroz Khan, our Chief Strategy Officer, who holds 72,402 Equity Shares, none of our Directors or Key Management Personnel hold Equity Shares as of the date of this Prospectus.

9. Except for JM Financial Products Limited and JM Financial India Trust II – JM Financial India Fund II holding 541,535 and 3,313,314 Equity Shares, respectively aggregating to 0.91% and 5.56%, respectively of the issued and paid-up Equity Share Capital of our Company, the GCBRLMs and the BRLMs and their respective associates do not hold any Equity Shares as on the date of this Prospectus.

10. All Equity Shares were fully paid up as on the respective date of allotment.

11. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.

12. **Employee Stock Option Plan and Scheme**

Our Company, pursuant to the resolution passed by our Board dated May 15, 2018, and pursuant to the resolution passed by our Shareholders dated June 14, 2018, adopted the Spandana ESOP Plan 2018. Under the Spandana ESOP Plan 2018, our Company, pursuant to the resolution passed by our Board dated May 15, 2018, and pursuant to the resolution passed by our Shareholders dated June 14, 2018, adopted the Spandana ESOP Scheme 2018. Pursuant to the Spandana ESOP Scheme 2018, options to acquire Equity Shares may be granted to Eligible Employees (as defined in Spandana ESOP Plan 2018). The aggregate number of Equity Shares, which may be issued under the Spandana ESOP Scheme 2018, shall not exceed 2,068,650 Equity Shares.

Pursuant to the the resolution passed by the Nomination and Remuneration Committee dated August 13, 2018, grant of 1,156,354 options to 312 Eligible Employees of the Company under the Spandana ESOP Plan 2018 and the Spandana ESOP Scheme 2018 was approved. Further, pursuant to the resolution passed by the Nomination and Remuneration Committee dated February 7, 2019, the grant of 13,500 options to seven Eligible Employees of Criss Financial under the Spandana ESOP Plan 2018 and the Spandana ESOP Scheme 2018 was approved.

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Options granted</td><td>As on March 31, 2019, the Company has granted 1,169,854 options.
<table>
<tr><th>As at the end of Financial Year / Period</th><th>Total No. of Options Granted</th><th>Cumulative No. of Options Granted</th></tr>
<tr><td>Financial Year 2017</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td>Financial Year 2018</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td>Financial Year 2019</td><td>1,169,854</td><td>1,169,854</td></tr>
<tr><td>April 1, 2019 upto August 5, 2019</td><td>-</td><td>1,169,854</td></tr>
</table></td></tr>
<tr><td>Pricing formula</td><td>The Black Scholes method is used to ascertain the fair value of options.</td></tr>
<tr><td>Vesting period</td><td>
<table>
<tr><th>Day following the expiry of 12 months from grant</th><th>Grant I</th><th>Grant II</th><th>Grant III</th></tr>
<tr><td>Day following the expiry of 24 months from grant</td><td>20%</td><td>30%</td><td>30%</td></tr>
<tr><td>Day following the expiry of 36 months from grant</td><td>20%</td><td>30%</td><td>30%</td></tr>
<tr><td>Day following the expiry of 48 months from grant</td><td>20%</td><td>20%</td><td>20%</td></tr>
<tr><td>Day following the expiry of 60 months from grant</td><td>20%</td><td>20%</td><td>20%</td></tr>
<tr><td>Day following the expiry of 12 months from grant</td><td>20%</td><td>NA</td><td>NA</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Options vested and not exercised</td><td>
<table>
<tr><th>As at the end of Financial Year / Period</th><th>Cumulative No. of Options vested and not exercised</th></tr>
<tr><td>Financial Year 2017</td><td>Not Applicable</td></tr>
<tr><td>Financial Year 2018</td><td>Not Applicable</td></tr>
<tr><td>Financial Year 2019</td><td>Nil</td></tr>
<tr><td>April 1, 2019 to August 5, 2019</td><td>Nil</td></tr>
</table>
</td></tr>
<tr><td>Options exercised</td><td>
<table>
<tr><th>As at the end of Financial Year / Period</th><th>Number of Options Exercised</th></tr>
<tr><td>Financial Year 2017</td><td>Not Applicable</td></tr>
<tr><td>Financial Year 2018</td><td>Not Applicable</td></tr>
<tr><td>Financial Year 2019</td><td>-</td></tr>
<tr><td>April 1, 2019 to August 5, 2019</td><td>-</td></tr>
</table>
</td></tr>
<tr><td>The total number of Equity Shares arising as a result of exercise of options</td><td>-</td></tr>
<tr><td>Options forfeited / lapsed</td><td>
<table>
<tr><th>As at the end of Financial Year / Period</th><th>Number of Options forfeited / lapsed</th></tr>
<tr><td>Financial Year 2017</td><td>Not Applicable</td></tr>
<tr><td>Financial Year 2018</td><td>Not Applicable</td></tr>
<tr><td>Financial Year 2019</td><td>311,354</td></tr>
<tr><td>April 1, 2019 to August 5, 2019</td><td>89,000</td></tr>
</table>
</td></tr>
<tr><td>Variation of terms of options</td><td>-</td></tr>
<tr><td>Money realized by exercise of options</td><td>-</td></tr>
<tr><td>Total number of options in force</td><td>
<table>
<tr><th>As at the end of Financial Year / Period</th><th>Cumulative no. of Options in force*</th></tr>
<tr><td>Financial Year 2017</td><td>Not Applicable</td></tr>
<tr><td>Financial Year 2018</td><td>Not Applicable</td></tr>
<tr><td>Financial Year 2019</td><td>858,500</td></tr>
<tr><td>April 1, 2019 to August 5, 2019</td><td>769,500</td></tr>
</table>
*Options in Force = Options outstanding at the beginning + Options Granted during the period - Options lapsed or forfeited during the period - Options exercised during the period
</td></tr>
<tr><td>Employee-wise detail of options granted to</td><td></td></tr>
<tr><td>A. Senior managerial personnel</td><td>
<table>
<tr><th>Name</th><th>No. of options granted</th><th>Percentage of total options granted</th></tr>
<tr><td>Abdul Feroz Khan</td><td>60,000</td><td>5.13%</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td></td><td><table><tr><td>Sudhesh Chandrasekar</td><td>25,000</td><td>2.14%</td></tr><tr><td>Rakesh Jhinjharia</td><td>15,000</td><td>1.28%</td></tr></table></td></tr>
<tr><td>B. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><td>Nil</td></tr>
<tr><td>C. Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant</td><td>Nil</td></tr>
<tr><td>Fully diluted Earnings per Equity Share – (face value ₹10 per Equity Share) pursuant to issue of Equity Shares on exercise of options calculated in accordance with Ind AS 33 ‘Earnings per Share’ as on March 31, 2019 on a consolidated basis</td><td>53.35</td></tr>
<tr><td>Lock-in</td><td>No Participant/Beneficiary shall, before the listing of the shares of the company on any Indian recognized stock exchange can transfer any or all of his shares to any person except the parties designated by board or committee without obtaining prior consent of the board or committee. After listing of shares with Indian recognized stock exchange options shall not be subject to lock in unless otherwise board or committee decides.</td></tr>
<tr><td>Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and its impact on profits and on the Earnings per Equity Share – (face value ₹10 per Equity Share)</td><td>NA as these options were issued using fair value of the stock</td></tr>
<tr><td>Weighted average exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock</td><td><table><tr><th></th><th>Grant I</th><th>Grant II</th><th>Grant III</th></tr><tr><td>Weighted average exercise price</td><td>263.35</td><td>263.35</td><td>263.35</td></tr><tr><td>weighted average fair value of option</td><td>147.9</td><td>143.67</td><td>192.91</td></tr></table></td></tr>
<tr><td>Description of 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</td><td>The Black Scholes method is used to ascertain the fair value of options. Various quantitative factors of our company were considered with assumptions that markets are efficient, interest rates remain constant and known, returns are normally distributed, constant volatility, liquidity.</td></tr>
<tr><td>Impact on profit and Earnings per Equity Share – (face value ₹10 per Equity Share) of the last three years if the accounting policies prescribed in the SEBI ESOP Regulations had been followed in respect of options granted in the last three years</td><td>NA</td></tr>
</table>

Particulars	Details
Intention of the holders of Equity Shares allotted on exercise of options granted to sell their shares within three months after the date of listing of Equity Shares pursuant to the Offer	As specified above lock in criteria after listing of shares of Company with any Indian recognized stock exchange, options shall not be subject to lock in unless otherwise board or committee decides.
Intention to sell Equity Shares arising out of the ESOP Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOP Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	As specified above lock in criteria after listing of shares of Company with any Indian recognized stock exchange, options shall not be subject to lock in unless otherwise board or committee decides.

13. Except as disclosed in this Prospectus, none of our Directors and their immediate relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus and until the date of this Prospectus with the SEBI. Except as disclosed in this Prospectus, none of the members of our Promoter Group, or the directors of our Corporate Promoter have purchased or sold any securities of our Company during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus and until the date of this Prospectus with the SEBI.

14. As of the date of the filing of this Prospectus, the total number of our Shareholders is 16.

15. Neither our Company nor our Directors have entered into any buy-back and/ or standby arrangements for purchase of Equity Shares from any person. Further, the GCBRLMs and the BRLMs have not made any buy-back and/ or standby arrangements for purchase of Equity Shares from any person.

16. All Equity Shares issued pursuant to the Offer will be fully paid-up at the time of Allotment and there are no partly paid up Equity Shares as on the date of this Prospectus. Further, all Equity Shares offered pursuant to the Offer shall be fully paid-up or may be forfeited for non-payment of calls within 12 months from the Allotment Date.

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

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

19. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise, except that if our Company enters into acquisitions, joint venture(s) or any other arrangements, our Company may, subject to receipt of necessary approvals, consider raising additional capital to fund such activities or to use Equity Shares as a currency for acquisitions or participation in such joint ventures at any time during the aforementioned six months. Provided, however, that the foregoing restrictions do not apply to: (a) the issuance of any Equity Shares under this Offer; (b) the issuance of Equity Shares to employees pursuant to the Spandana ESOP Scheme 2018; and (c) any issuance, offer, sale or any other transfer or transaction of a kind referred to above of any Equity Shares under or in connection with the exercise of any options or similar securities, as disclosed in the Red Herring Prospectus and this Prospectus, provided they have been approved by our Board.

20. The Offer was made in terms of Rule 19(2)(b)(iii) of the SCRR. The Offer was made through the Book Building Process, in compliance with Regulation 26(1) of the 2009 SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be allocated on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLMs, have allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("**Anchor Investor Portion**"), at the Anchor Investor Allocation Price. At least one-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above Anchor Investor Allocation Price. 5% of the Net QIB Portion was made available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion was made

available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer was made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer was made available for allocation to Retail Individual Bidders in accordance with the 2009 SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All Bidders, other than Anchor Investors, have mandatorily participated in this Offer through the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective bank accounts and UPI ID, if applicable, which were blocked by the Self-Certified Syndicate Banks ("**SCSBs**"). Anchor Investors were not permitted to participate in the Offer through ASBA Process. For details, see "*Offer Procedure*" on page 441.

21. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the Net QIB Portion, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the GCBRLMs, the BRLMs and the Designated Stock Exchange.

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

23. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

24. Except for the sale of the Offered Shares in the Offer for Sale, our Promoters or the members of the Promoter Group have not submitted Bids or participated in the Offer.

25. No person connected with the Offer, including, but not limited to, the GCBRLMs and the BRLMs, our Company, the Selling Shareholders, the members of the Syndicate, our Company, our Promoters, members of the Promoter Group or our Directors, has offered any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid. Further, no payment, direct or indirect benefit in the nature of discount, commission and allowance or otherwise has been offered or paid either by our Company or our Promoters to any person in connection with making an applications for or receiving any Equity Shares pursuant to this Offer.

26. As on the date of this Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956 or under Sections 230 to 232 of the Companies Act, 2013, as applicable.

27. 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 the date of filing of the Draft Red Herring Prospectus and until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.

28. Except as stated below, the Syndicate Member and any persons related to the GCBRLMs or the BRLMs or the Syndicate Member have not in the Offer under the Anchor Investor Portion:

    (a) mutual funds sponsored by entities which are associates of the GCBRLMs and BRLMs;

    (b) insurance companies promoted by entities which are associates of the GCBRLMs and BRLMs;

    (c) AIFs sponsored by the entities which are associates of the GCBRLMs and BRLMs; or

    (d) FPIs other than Category III sponsored by the entities which are associates of the GCBRLMs and BRLMs.

29. Our Company shall ensure that any transactions in the Equity Shares by our Promoters and the members of our Promoter Group during the period between the date of registering this Prospectus filed in relation to this Offer with the RoC and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transactions.

30. As on the date of this Prospectus, there are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares.

OBJECTS OF THE OFFER

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

Offer for Sale

All proceeds from the Offer will go to each of the Selling Shareholders, in proportion to their respective portion of the Offered Shares.

Fresh Issue

The proceeds of the Offer, after deducting Offer related expenses, are estimated to be ₹3,824.24 million ("**Net Proceeds**"). Our Company proposes to utilise the Net Proceeds from the Fresh Issue towards augmenting its capital base to meet future capital requirements. Further, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges, enhancement of our Company's brand name and creation of a public market for the Equity Shares in India. 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 being raised by our Company through the Fresh Issue.

Net Proceeds

The details of the proceeds of the Fresh Issue are summarised in the table below:

Particulars	Amount (in ₹million)
Gross Proceeds of the Fresh Issue	4,000.00
(Less) Fresh Issue related expenses	175.76
Net Proceeds	**3,824.24**

To be finalised upon determination of the Offer Price.

Utilization of Net Proceeds of the Offer

The Net Proceeds of the Fresh Issue are proposed to be utilised for augmenting our capital base and general corporate purposes. The fund requirements for the objects are based on internal management estimates and have not been appraised by any bank or financial institution.

Schedule of Deployment

The Net Proceeds of the Fresh Issue are proposed to be deployed in the Fiscal 2020. The fund deployment indicated above is based on current circumstances of our business and we may have to revise its estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation 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. Subject to applicable laws, in the event of any increase in the actual utilisation of funds earmarked for the objects of the Offer, such additional funds for a particular activity will be met by way of means available to us, including from internal accruals and any additional equity and/ or debt arrangements.

Details of the Objects of the Offer

The Net Proceeds will be utilized to augment the capital base of our Company to meet future capital requirements which are expected to arise out of growth in our Company's assets, primarily the loans and advances given by our Company.

General corporate purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹3,824.24 million towards general corporate purposes, subject to such utilization not exceeding 25% of the Gross Proceeds of the Fresh Issue, in compliance with Regulation 4(4) of the 2009 SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilize Net Proceeds include brand building and marketing efforts, acquisition of fixed assets, meeting expenses incurred towards any strategic initiatives, partnerships, tie-ups, joint ventures or acquisitions, investment in our Subsidiaries, long term or short term working capital requirements, meeting exigencies and expenses incurred by our Company in the ordinary course of business. In addition to the above, our Company may utilize the Net Proceeds towards other expenditure (in the ordinary course of business) considered expedient and as approved periodically by the Board or a duly constituted committee thereof, subject to compliance with necessary provisions of the Companies Act. The quantum of utilization of funds towards each of the above purposes will be determined by our Board based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company's management, in accordance with the policies of the Board, shall have flexibility in utilizing surplus amount, if any.

Means of finance

The fund requirements set out above are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there are no requirements to make firm arrangements of finance under Regulation 4(2)(g) of the 2009 SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from Fresh Issue.

Interim use of Net Proceeds

Pending utilization of the Net Proceeds for the purposes described above, our Company will deposit the Net Proceeds in one or more scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board/ 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.

Bridge Financing Facilities

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

Offer Expenses

The total Offer related expenses are estimated to be approximately ₹527.70 million. The Offer related expenses primarily consist of listing fees, underwriting fees, selling commission, fees payable to the GCBRLMs and the BRLMs, legal counsels, Registrar to the Offer, Sponsor Bank, processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Designated Intermediaries and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, printing and stationary expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges. All fees and expenses in relation to the Offer shall be shared between our Company and the Selling Shareholders in the proportion as mutually agreed between the Company and the Selling Shareholders, in accordance with applicable law. However, for ease of operations, expenses of the Selling Shareholders may, at the outset, be borne by our Company on behalf of the Selling Shareholders, and each Selling Shareholder will reimburse our Company all such expenses, upon successful completion of the Offer in the proportion as mutually agreed between the Company and the Selling Shareholders, in accordance with applicable law. However, in the event that the Offer is withdrawn or not completed for any reason whatsoever, all Offer related costs and expenses will be borne by the Company. The break-up for the estimated Offer expenses are as follows:

Activity	Estimated Amount (1) (₹ in million)	As a % of total estimated Offer related expenses(1)	As a % of Offer size(1)
Payment to the GCBRLMs and the BRLMs (including underwriting commission, brokerage and selling commission)	309.16	58.59	2.57
Commission and processing fees for SCSBs and fees payable to the Sponsor Bank for Bids made by RIBs using the UPI Mechanism	5.54	1.05	0.05
Brokerage and selling commission for Members of the Syndicate, Registered Brokers, RTAs and CDPs	0.05	0.01	0.00
Fees payable to Registrar to the Offer	0.15	0.03	0.00
Others:		0.00	0.00
i. Listing fees, SEBI filing fees, book-building software fees;	37.74	7.15	0.31
ii. Printing and stationary expenses;	16.76	3.18	0.14
iii. Fees payable to Monitoring Agency;		0.00	0.00
iv. Advertising and marketing for the Offer; and	48.07	9.11	0.40
v. Miscellaneous.	110.22	20.89	0.92
Total estimated Offer expenses	527.70	**100.00**	**4.39**

(1) *Will be completed after finalisation of the Offer Price.*

For SCSBs:

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

Portion for Retail Individual Bidders	*0.35% of the Amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Bidders	*0.20% of the Amount Allotted* (plus applicable taxes)*

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

No additional uploading/ processing charges shall be payable to the SCSBs on the applications directly procured by them.

The selling commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.

Processing fees payable to the SCSBs of ₹10/- per valid application (plus applicable taxes) for processing the Bid cum Application of Non-Institutional Bidders and Eligible Employees procured from the Syndicate/ Sub-Syndicate Members/ Registered Brokers /RTAs /CDPs and submitted to SCSBs for blocking would be as follows:

For Syndicate (including their Sub-Syndicate Members), RTAs and CDPs:

Brokerages, selling commission and processing/ uploading charges on the portion for Retail Individual Bidders (using the UPI Mechanism), portion for Non-Institutional Bidders and Eligible Employees which are procured by members of 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 brokers which are members of 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	*0.20% of the Amount Allotted* (plus applicable taxes)*

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

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

The payment of selling commission payable to the sub-brokers/ agents of Sub-Syndicate Members are to be handled directly by the respective Sub-Syndicate Member.

The selling commission payable to 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.

Uploading Charges/ Processing Charges of ₹10/- per valid application (plus applicable taxes) are applicable only in case of Bid uploaded by the members of the Syndicate, RTAs and CDPs:

1. for applications made by Retail Individual Bidders/ Eligible Employees using the UPI Mechanism/ 3-in-1 type accounts

2. for Non-Institutional Bids using Syndicate ASBA mechanism / 3- in -1 type accounts,

The Bidding/uploading charges payable to the Syndicate / Sub-Syndicate Members, RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.

For Registered Brokers

Selling commission payable to the registered brokers on the portion Non-Institutional Bidders which are directly procured by the Registered Brokers and submitted to SCSB for processing would be as follows:

Portion for Retail Individual Bidders & Non-Institutional Bidders	*₹10/- per valid application* (plus applicable taxes)*

**Based on valid applications.*

For Sponsor Bank

Processing fees for applications made by Retail Individual Bidders using the UPI Mechanism will be

Sponsor Bank	*₹8/- per valid Bid cum Application Form* (plus applicable taxes). The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws. * For each valid application.*

Monitoring Utilization of Funds

Our Company has appointed Kotak Mahindra Bank Limited as the monitoring agency in relation to the Offer. Our Board and the Monitoring Agency will monitor the utilization of Net Proceeds of the Offer and the Monitoring Agency will submit its report to our Board in terms of Regulation 41 of the 2018 SEBI ICDR Regulations. Pursuant to Regulation 18(3) and Schedule II of Part C of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Prospectus and place it before the Audit Committee. Such disclosure shall be made only till such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of our Company. Furthermore, in accordance with Regulation 32 of SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations, if any, in the utilization of the Net Proceeds of the Offer from the objects of the Offer as stated above. The 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 Directors' report, after placing the same before the Audit Committee. Comments or reports from the Monitoring Agency will also be submitted to the Stock Exchanges on utilization of the Net Proceeds We will disclose the utilization of the Net Proceeds under a separate head along with details in our balance sheet(s) until such time as the Net Proceeds remain unutilized clearly specifying the purpose for which such Net Proceeds have been utilized.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act, 2013, 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 through a postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Telugu, the regional language of Telangana, where our Registered Office is situated. Our Promoters or Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, as prescribed in Chapter VI-A of the 2009 SEBI ICDR Regulations.

Other Confirmations

No part of the Net Proceeds will be paid by our Company to our Directors, members of the Promoter Group, Group Company or Key Management Personnel, except in the normal course of business and in compliance with applicable law. Our Company has not entered into or is not planning to enter into any arrangement/ agreements with Promoters, Directors, Key Management Personnel or our Group Company in relation to the utilization of the Net Proceeds of the Issue.

BASIS FOR OFFER PRICE

The Offer Price has been determined by our Company and the Selling Shareholders, in consultation with the GCBRLMs, the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is 85.6 times the face value of the Equity Shares. Investors should also refer to the sections titled "*Our Business*", "*Risk Factors*" and "*Financial Statements*" on pages 129, 18 and 202, respectively, to have an informed view before making an investment decision.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the industry:

- Seasoned business model with resilient performance through business cycles
- High degree of client engagement and robust risk management
- Streamlined systems and processes and high employee productivity
- Focus on the high potential and under-served rural segment
- Geographically diversified operations

For further details, see "*Our Business - Competitive Strengths*" and "*Risk Factors*" on pages 131 and 18, respectively.

Quantitative Factors

Some of the information presented below relating to our Company is based on the Restated Financial Statements prepared in accordance with Ind AS, as applicable and the Companies Act, 2013 and restated in accordance with the SEBI ICDR Regulations. For details, see "*Financial Statements*" on page 202.

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

1. Basic and Diluted Earnings Per Share ("EPS") on a standalone basis

Particulars	Basic EPS (₹)	Diluted EPS (₹)	Weight
Year ended March 31, 2019	52.92	52.81	3
Year ended March 31, 2018	42.52	42.51	2
Year ended March 31, 2017	216.93	5.48	1
Weighted average (Refer Note 5)	**76.79**	**41.49**	

Basic and Diluted Earnings Per Share ("EPS") on a consolidated basis

Particulars	Basic EPS (₹)	Diluted EPS (₹)	Weight
Year ended March 31, 2019	53.46	53.35	2
Year ended March 31, 2018	42.52	42.51	1
Year ended March 31, 2017	Not Applicable	Not Applicable	
Weighted average (Refer Note 5)	**49.81**	**49.74**	

Note:
1. *The EPS calculations have been done in accordance with Accounting Standard 20 – "Earnings per Share" issued by ICAI*
2. *The face value of each Equity Share is ₹10.*
3. *The ratios have been computed as below:*
   a. *Basic EPS (in ₹) = Net profit, after tax, as restated for the year attributable to equity shareholders/ Weighted average number of equity shares outstanding during the year*
   b. *Diluted EPS (in ₹) = Net profit, after tax, as restated for the year attributable to equity shareholders/ Weighted average number of dilutive equity shares outstanding during the year*
4. *Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year, adjusted by the number of equity shares issued during the year multiplied by the time-weighting factor. The time-weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the fiscal*
5. *Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x Weight) for each fiscal] / [Total of weights]*

2. Price/ Earning ("P/ E") ratio in relation to Price Band of ₹853 to ₹856 per Equity Share

On standalone basis:

(a) P/ E based on basic and diluted EPS for the year ended March 31, 2019 at the lower end of the Price Band are 16.12 and 16.15, respectively.

(b) P/ E based on basic and diluted EPS for the year ended March 31, 2019 at the higher end of the Price Band are 16.18 and 16.21, respectively.

On consolidated basis:

1. P/ E based on basic and diluted EPS for the year ended March 31, 2019 at the lower end of the Price Band are 15.96 and 15.99, respectively.

2. P/ E based on basic and diluted EPS for the year ended March 31, 2019 at the higher end of the Price Band are 16.01 and 16.04, respectively.

Industry P/ E ratio:

Particulars	P/ E
Highest	43.6
Lowest	8.8
Average	21.3

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

3. Return on Net Worth ("RoNW") on a standalone basis

Financial Year/ Period ended	RoNW (%)	Weight
March 31, 2019	16.37%	3
March 31, 2018	13.52%	2
March 31, 2017	47.80%	1
Weighted Average	**20.66%**	

Return on Net Worth ("RoNW") on a consolidated basis

Financial Year/ Period ended	RoNW (%)	Weight
Year ended March 31, 2019	16.51%	2
Year ended March 31, 2018	13.52%	1
Year ended March 31, 2017	Not Applicable	
Weighted Average	**15.51%**	

Note:
RoNW = Net profit after tax, as restated for the year, attributable to shareholders/ Net worth (excluding revaluation reserve), as restated, at the end of the year
* *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]*

4. *Minimum Return on Net Worth after Offer*

to maintain Pre-Offer Basic EPS for Financial Year 2018-19

Particulars	Restated Standalone (%)	Restated Consolidated (%)
At the Floor Price	14.89	15.02
At the Cap Price	14.88	15.02

to maintain Pre-Offer Diluted EPS for Financial Year 2018-19:

Particulars	Restated Standalone (%)	Restated Consolidated (%)
At the Floor Price	14.86	14.99
At the Cap Price	14.85	14.99

5. Net Asset Value ("NAV") per Equity Share

Particulars	Restated Standalone (₹)	Restated Consolidated (₹)
Financial Year 2019	316.33	316.84
Financial Year 2018	467.34	467.33
Financial Year 2017	326.04	Not Applicable
NAV per Equity Share after the Issue	355.54	356.02
Offer Price*	856	856

* *Offer Price per Equity Share will be determined on conclusion of the Book Building Process*
Note: NAV per Equity Share = Net worth as at the end of the year/ Number of equity shares outstanding at the end of the year

6. Comparison with Listed Industry Peers

Name of the company	Standalone / Consolidated	Face value per equity share (₹)	P/ E [(1)]	Net Profit (in ₹ million)	EPS (Basic) (₹)	Net worth (in ₹ million)	Return on net worth (%)	Net Asset Value/ Share (₹)	Closing Share Price (as on March 29, 2019) (₹)
Bharat Financial Inclusion Limited	Standalone	10	16.1	9,846	70.39	42,246	23.31%	301.3	1,131.80
Satin Creditcare Network Limited	Consolidated	10	8.8	2,015	41.67	11,494	17.53%	235.0	364.90
Ujjivan Financial Services Limited	Consolidated	10	28.0	1,504	12.43	18,777	8.01%	155.0	347.95
Bandhan Bank Limited	Standalone	10	32.1	19,515	16.36	1,12,017	17.42%	93.9	524.95
Bajaj Finance Limited	Consolidated	2	43.6	39,950	69.33	1,96,970	20.28%	340.8	3,024.85
Cholamandalam Investment & Finance Company Limited	Consolidated	10	18.9	11,966	76.56	62,087	19.27%	397.1	1,447.50
Shriram City Union Finance Limited	Consolidated	10	12.2	10,055	151.83	66,898	15.03%	1,013.7	1,859.65
Sundaram Finance Limited	Consolidated	10	17.6	10,298	105.40	79,982	12.88%	719.9	1,859.65
Mahindra & Mahindra Financial Services Limited	Consolidated	2	14.2	18,673	29.73	1,13,475	16.46%	183.7	420.95

Source: Stock Exchange. Based on Audited Financials for the year ended March 31, 2019
Note:
1. *P/E ratio based on closing market price as on March 29, 2019 available on www.bseindia.com and using Basic EPS*

7. The Offer Price is 85.6 times of the face value of the Equity Shares

The Offer Price of ₹856 has been determined by our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with *"Our Business"*, "*Risk Factors*" and "*Financial Statements*" on pages 129, 18 and 202, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in "*Risk Factors*" and you may lose all or part of your investments.

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO SPANDANA SPHOORTY FINANCIAL LIMITED AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors
Spandana Sphoorty Financial Limited
Plot No. 31 & 32, Ramky Selenium Towers,
Tower A, Ground Floor, Financial District, Nanakramguda,
Hyderabad, Telangana – 500 032

Dear Sirs,

Statement of Possible Tax Benefits available to Spandana Sphoorty Financial Limited and its shareholders under the Indian tax laws

1. We hereby confirm that the enclosed statement, prepared by Spandana Sphoorty Financial Limited (the "**Company**"), provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income Tax Act, 1961 (the "**Act**") as amended by the Finance (No. 2) Bill 2019, i.e. applicable for the financial year 2019-20 relevant to the assessment year 2020-21, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

   Section 115JB of the Act was amended vide the Finance Act, 2017 providing a framework to compute book profit, which constitutes the tax base for Minimum Alternate Tax ("**MAT**") levy, for companies converging to Ind-AS. These amendments, which provide for various adjustments to the book profits on account of transitional impact as well as year-on-year impact of Ind-AS, have not been included in the enclosed statement. Accordingly, we have not expressed our opinion on the impact of Ind-AS, which is applicable to the Company from financial year 2018-19 onwards.

2. The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. We do not express any opinion or provide any assurance as to whether:
   i) the Company or its shareholders will continue to obtain these benefits in future;
   ii) the conditions prescribed for availing the benefits have been / would be met with; and
   iii) the revenue authorities/courts will concur with the views expressed herein.

4. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership No. 102102
UDIN: 19102102AAAAFB3870
Mumbai
July 16, 2019

STATEMENT OF TAX BENEFITS AVAILABLE TO SPANDANA SPHOORTY FINANCIAL LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

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

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

1.1. The Company, being a Non-Banking Financial Company (NBFC), is entitled for accelerated deduction of bad and doubtful debts in terms of provision for bad and doubtful debts up to a specified limit under section 36(1)(viia) of the Act in computing its income under the head "Profits and gains of business or profession".

The said deduction is available to the extent of five per cent of the gross total income, computed before considering any deduction under the aforesaid section and Chapter VI-A, subject to satisfaction of prescribed conditions.

However, subsequent claim of deduction of actual bad-debts under section 36(1)(vii) shall be reduced to the extent of deduction already allowed under section 36(1)(viia).

1.2. The provisions of section 43D of the Act have been amended vide Finance (No. 2) Bill 2019 to provide that interest income in relation to certain categories of bad or doubtful debts (as prescribed under Rule 6EA of the Income-tax Rules, 1961), received by deposit-taking NBFCs and systemically important non-deposit taking NBFCs, shall be chargeable to tax in the previous year in which it is credited to its profit and loss account or actually received, whichever is earlier.

The Company, being a systemically important non-deposit taking NBFC, is entitled to this benefit.

The amendment will take effect from April 1, 2020 (i.e. AY 2020-21).

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

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

Notes:

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2020-21. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

4. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

5. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

6. 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.

INDUSTRY OVERVIEW

*All the information contained in this chapter is derived from the ICRA Research report titled "Indian Microfinance Sector" published in July 2019 ("**ICRA Report**"). Neither we, nor any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

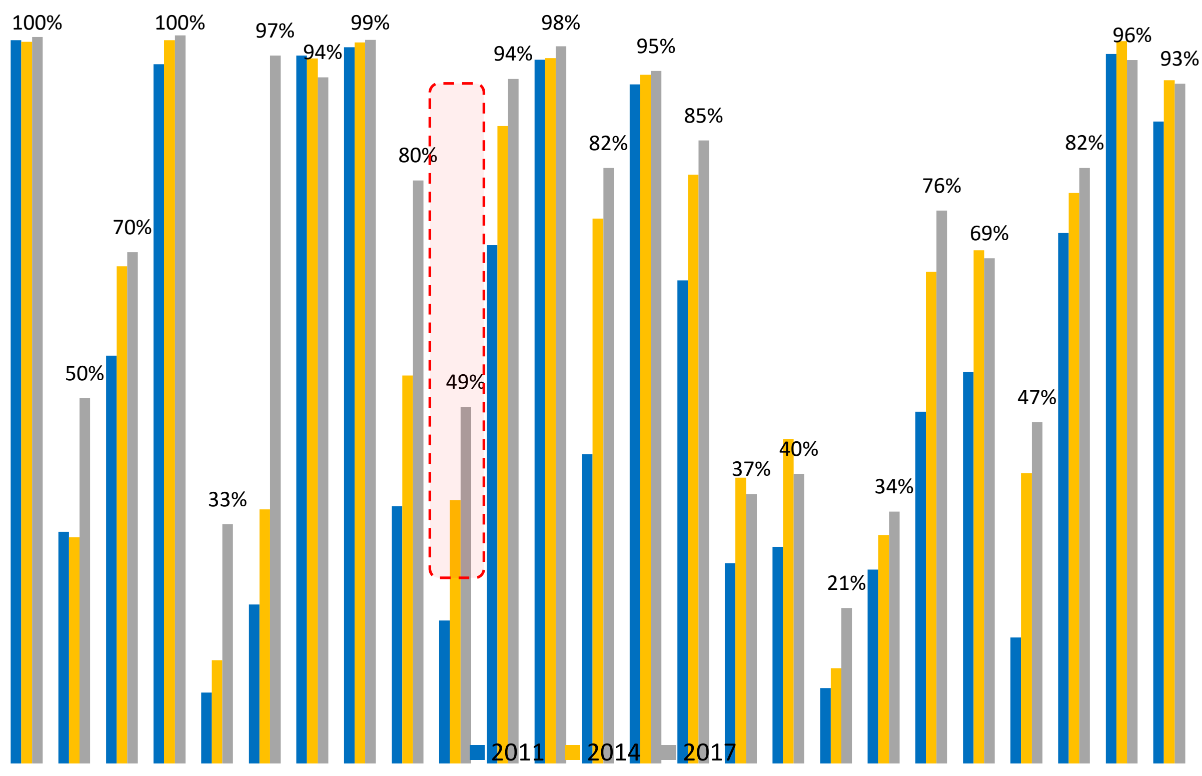
Financial Inclusion

Current scenario and key developments

The Committee on Financial Inclusion, chaired by Dr. C. Rangarajan, defines financial inclusion as the process of ensuring affordable access to financial services and timely and adequate credit when needed by vulnerable groups of society. Financial inclusion promotes economic development and reduces poverty as access to financial services makes it easier for people to manage their savings, prepare for emergencies and protect their health. Therefore, promoting financial inclusion has been a key priority for various development banks and nations.

Between 2014 and 2017, approximately 515 million adults worldwide opened an account at a financial institution or through a mobile money provider, which led to an increase in account ownership among adults from 51% in 2011 to 62% in 2014, and further to 69% in 2017. The share of adults with a bank account in India has more than doubled to approximately 80% since 2011, largely supported by the Pradhan Mantri Jan Dhan Yojana ("**PMJDY**") (a scheme of the government of India), which led to account growth and traction in savings. However, while significant traction is present on the deposit side, ICRA Research notes that India is still among the Top 3 nations with unbanked people in the world, reflecting the strong need for an enhancement of the financial inclusion agenda.

Trends in account ownership status for key countries across the world



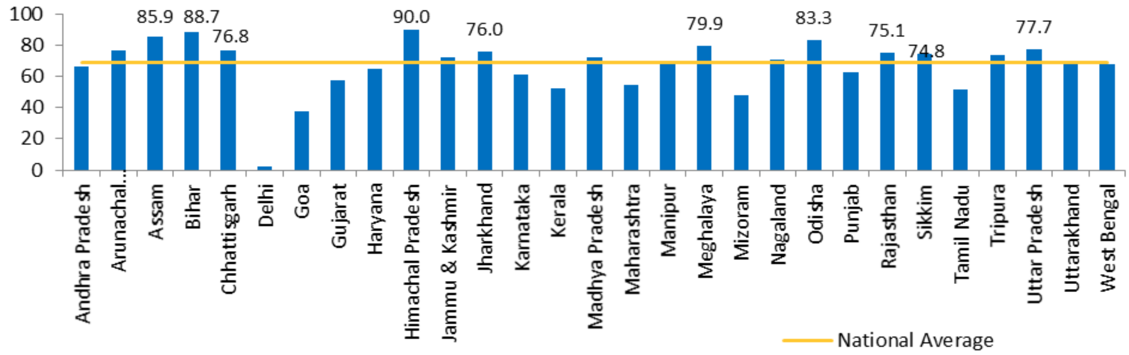
Source: Global Findex Report 2017

Rural areas account for almost half of NDP, but only 10% of banking credit

According to 2011 Census of India, there were about 640,000 villages in rural India and close to 68% of the total population residing in them. Rural India accounted for about 47% of the Net Domestic Product ("**NDP**") but only 10% of the country's total credit in comparison to 90% for urban India, which only contributed to 53% of the country's NDP, as of 2011.

Low penetration of banking credit in rural areas

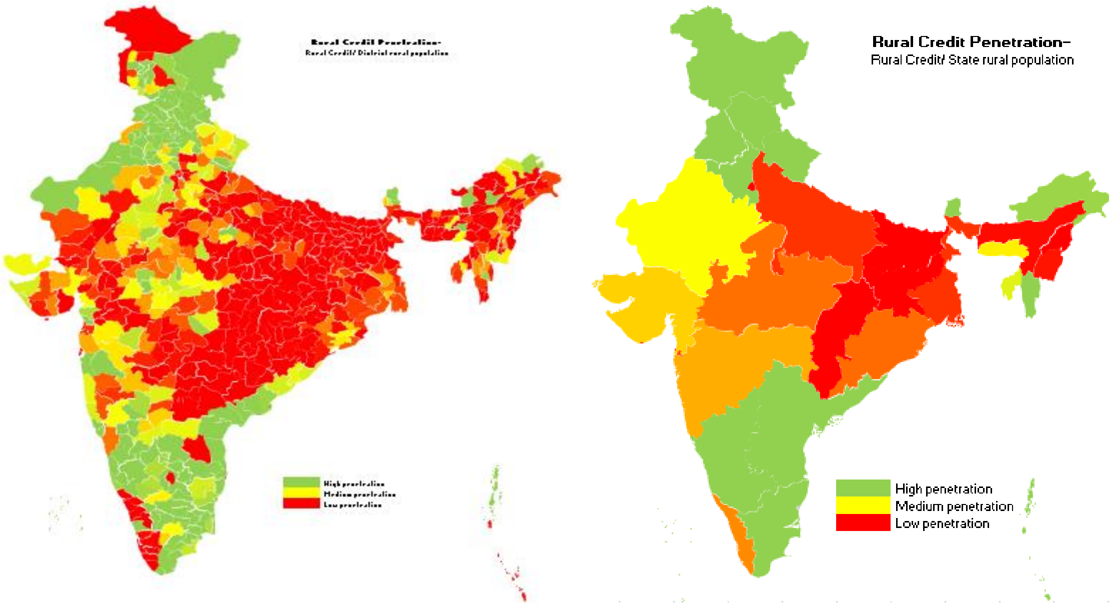
State-wise share of rural population (%) (Census 2011)



Source: rural.nic.in

As against the national average of the share of rural population in India of 68.8%, the share of rural population in certain states is significantly higher at 88.7% in Bihar, 83.3% in Odisha, 90.0% in Himachal Pradesh, 77.7% in Uttar Pradesh and 76.8% in Chhatisgarh. In most of these states where the average rural population is higher than the national average, the credit penetration also has been correspondingly lower.

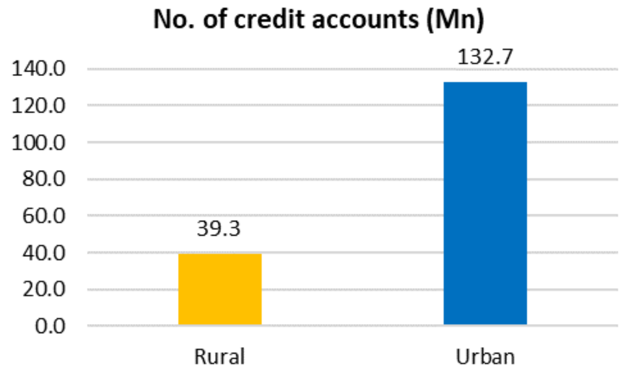
Credit penetration in rural areas – districts and states

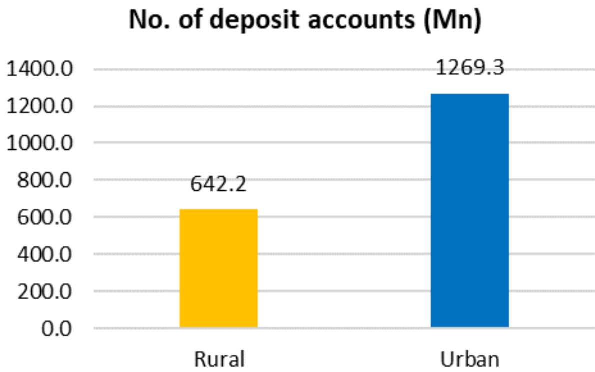


Note: This data pertains only to Bank credit penetration – FY2018; high penetration being 1.5x of national average and low penetration being 0.5x of national average
Source: RBI

Even though southern states have a fairly healthy rural credit penetration, Uttar Pradesh and eastern states like Assam, Bihar, Jharkhand, West Bengal and Orissa are under penetrated, thus providing scope for microfinance players.

Comparison of number of credit and deposit accounts – Rural and urban (March 2017)





Source: RBI statistical table on outstanding credit and deposit of Scheduled Commercial Banks according to population group;
Note: Urban includes semi-urban, urban and metropolitan

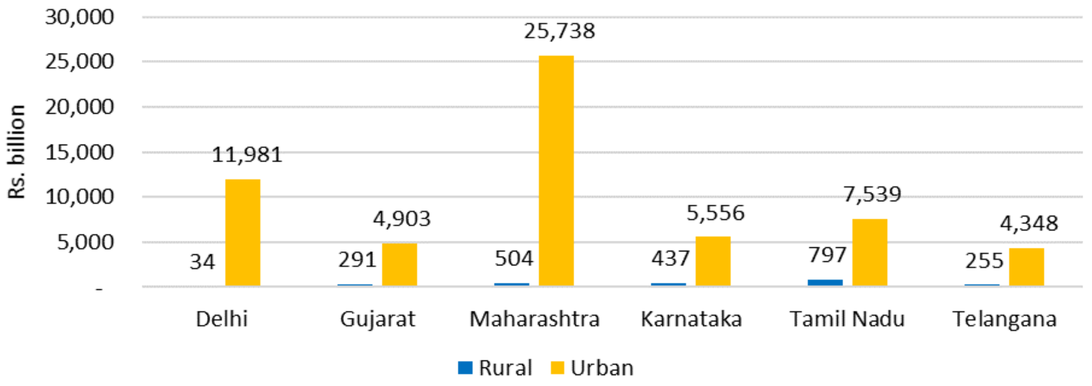
As of March 2018, there were only about 642 million deposit accounts and 39 million credit accounts in rural India, which accounted for about 34% of the total deposit accounts and 23% of the loan accounts in scheduled commercial banks despite rural India making up about 68% of the total population. The significant under-penetration of credit in rural areas offers strong potential for improvement. Given that microfinance institutions ("**MFIs**") have relatively deeper reach, existing customer relationships and employee bases, they are well placed to address this demand which is currently being met by informal sources of funds such as local money lenders.

Large variations in availability of credit across states and districts

According to ICRA Research, a common feature among states with credit outstanding of more than ₹4.00 trillion and states with credit outstanding of less than ₹4.00 trillion is the sizeable gap between the credit outstanding in rural areas and urban areas. In most states, the credit outstanding in urban areas outweighed that of rural areas by multiple times, which indicates the extent of deficiency of credit availability in rural areas. While the Reserve Bank of India ("**RBI**") and the government of India have been taking steps to improve credit availability in rural areas, the gap remains substantial. This offers significant potential for private players to serve this unmet demand. In particular, MFIs with deep reach in rural areas are better placed to deliver credit to the largely underserved segment in the country. Given the lack of organised financial aid to this segment of the society, for many of whom the alternate source of funds is money lenders who charge exorbitant rates. Hence, ICRA Research observes that the general inclination of borrowers to default on these loans is low.

Increasingly, several MFIs have shown a greater focus on the urban poor in the quest for better operating efficiency owing to ease of management. However, ICRA Research notes that the MFIs with strong branch infrastructure in rural areas that continue to focus on the credit-starved rural segment would stand to benefit from the growth potential offered by the rural segment.

State-wise Credit Outstanding – Rural and Urban – December 2018 (Total credit > ₹4.0 trillion)



Source: RBI

Key steps taken by government to boost financial inclusion

The RBI and the government of India have launched various schemes for improving the penetration of credit, banking services, insurance and other social security programmes over the past three to four years. For example, the launch of the Stand-Up India Scheme, various new government-backed insurance schemes, the establishment of the PMJDY, and the Micro Units Development & Refinance Agency Ltd (MUDRA).

Some major steps taken by the government to increase financial inclusion are:

3. **PSL Requirements:** The RBI has set priority sector lending ("**PSL**") target for banks, which are aimed at providing access to financial services to borrowers with modest credit profiles. PSL loans include loans to farmers for agriculture and allied activities, poor people for housing, and students for education. Social infrastructure and renewable energy are also eligible categories under this mechanism. The total PSL target for banks is currently 40% of the adjusted net bank credit ("**ANBC**") or credit equivalent amount of off-balance sheet exposure, whichever is higher. As per the RBI, these sub-divisions include:

- **Agriculture:** Generally, all scheduled commercial banks are to extend 18% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher, towards agricultural purposes. Within the 18% target for agriculture, a sub-target of 8% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher, is prescribed for small and marginal farmers.

- **Micro enterprises:** 7.5% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher, for all scheduled commercial banks should be given to micro enterprises.

- **Advances to weaker sections:** 10% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher, needs to be extended to weaker sections.

- **Education loans:** Education loans (including loans for vocational courses) of up to ₹1 million will be made eligible for the priority sector irrespective of the sanctioned amount.

- **Social infrastructure:** Bank loans of up to ₹50 million per borrower will be provided for building social infrastructure for activities, namely schools, healthcare facilities, drinking water facilities and sanitation facilities in Tier II to Tier VI centers.

- **Renewable energy**: Bank loans of up to ₹150 million per borrower will be provided for purposes such as solar-based power generators, biomass-based power generators, wind mills, micro-hydel plants and for non-conventional energy-based public utilities *viz* street lighting systems and remote village electrification. For individual households, the loan limit will be ₹1 million per borrower.

The RBI permitted continuation of the priority sector status to MFIs vide its circular in May 2011. According to ICRA Research, the continuation of priority sector benefit to MFIs was instrumental in the resumption of credit flow to the sector. Further, RBI guidelines have also forced MFIs to adopt customer friendly policies, strong origination practices, target newer areas with lower penetration and rein in their operating expenses.

The continuation of PSL status for NBFC-MFIs and allowing NBFC-MFIs to act as business correspondents for banks augurs well for funding profile of NBFC MFIs. Further NBFC MFIs also have opportunities to raise off balance sheet funding through business correspondent model, securitization and assignments as a significant proportion of underlying portfolios which would quality under the key categories of PSL targets.

4. **Pradhan Mantri Jan Dhan Yojana:** PMJDY was launched on August 28, 2014 as a National Mission for Financial Inclusion, to ensure access to basic financial services such as banking accounts, remittance, credit, insurance and pensions in an affordable manner. An economic survey for year ended March 31, 2019, found that approximately Rs 1.0 trillion is deposited in over 350 million accounts opened under PMJDY.

5. **Small Finance Banks:** On September 16, 2015, the RBI granted "in principle" approval to ten applicants, of which seven were non-banking finance companies – microfinance institutions ("**NBFC-MFIs**") to set up Small Finance Banks ("**SFBs**"). Such a scheme is likely to increase financial inclusion as the new licensees now have the ability to offer full range of services such as deposits and a diversified asset mix as opposed to a singular primary credit product (for NBFC-MFIs). With a view to further enhance access to banking facilities to small borrowers and to encourage competition, the RBI is in the process of issuing Draft Guidelines for "on tap" Licensing of Small Finance Banks by August 2019. The ability to offer a full range of services, reduced political risk, opportunities to cross-sell, and better regulatory supervision by the RBI and liquidity support are some of the positives. However, these new players will still face key challenges in the form of deposit mobilization and diversification of asset mix.

Global Microfinance Industry

According to ICRA Research, approximately 119.9 million microfinance borrowers had access to credit products, with an overall gross loan portfolio of US$111.6 billion outstanding as of 2017.

Gross loan portfolio and number of borrowers of Indian MFIs highest in the world

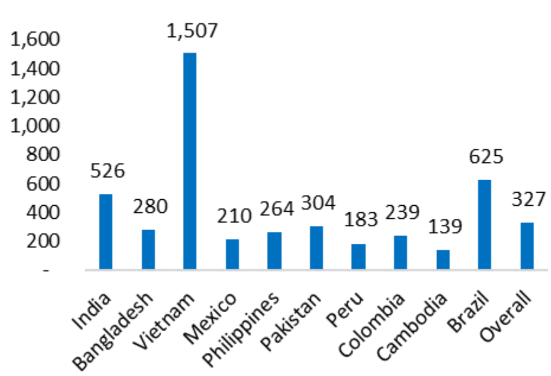
Top 10 countries by Active Microfinance Borrowers – 2017

Country	Active Borrowers	% of total	GLP	% of total	GLP per borrower
	'000		USD million		USD
India	37,892	32%	21,033	19%	555
Bangladesh	26,916	22%	7,897	7%	293
Vietnam	7,317	6%	8,766	8%	1,198
Mexico	6,465	5%	3,069	3%	475
Peru	5,187	4%	1,044	1%	201
Colombia	5,062	4%	1,681	2%	332
Cambodia	4,921	4%	12,443	11%	2,528
Ecuador	2,743	2%	6,335	6%	2,309
Bolivia	2,173	2%	7,713	7%	3,550
Kenya	2,091	2%	999	1%	478
Total	**119,985**		**111,568**		**930**

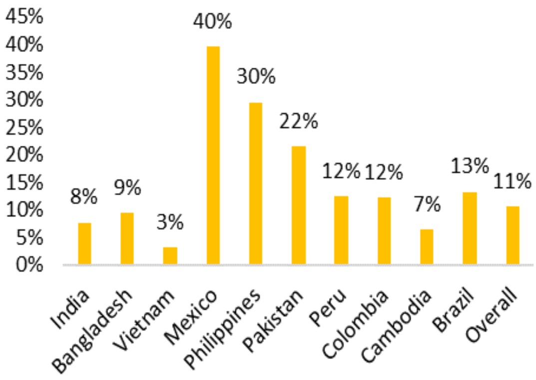
Source: Global Outreach & Financial Performance Benchmark Report – 2017-2018

While India is the largest market in terms of number of microfinance borrowers and gross loan portfolio ("**GLP**") outstanding, ticket sizes are on the lower side. India accounted for 19% of the US$111.6 billion microfinance market in value terms and 32% of the total borrower population in 2017. However, the overall GLP per borrower was significantly lower than the world average.

Borrowers per loan officer



Operating expenses / loan portfolio



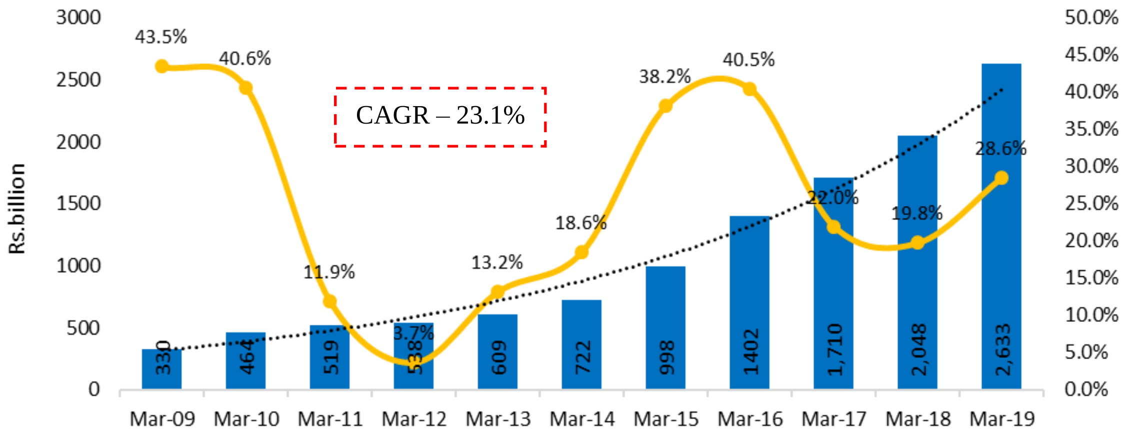
Note: Data pertains to 2017

Source: Global Outreach & Financial Performance Benchmark Report – 2017-2018

Historical Growth and Development of the Indian Microfinance industry

GLP has grown at 23.1% CAGR in the last decade

Overall microfinance industry – Market size and growth



Source: ICRA Research, MFIN Micrometer, Status of Microfinance in India

The microfinance sector in India has grown at a CAGR of 23.1% over the past ten years to reach ₹2,633 billion as of March 2019, despite some setbacks that have impacted the industry's growth. The industry has evolved over time, starting with the Self-Help Group ("**SHG**") Bank Linkage programme and not-for-profit organisations ("**NGOs**") being the key participants in the sector, to the scaling of NBFCs, the conversion of Bandhan Financial Services into a universal commercial bank and the launch of the SFBs. Presently, the demand for micro credit is primarily being serviced by industry participants such as MFIs, NBFC-MFIs, SHG, banks, SFBs, NGOs and other informal lenders.

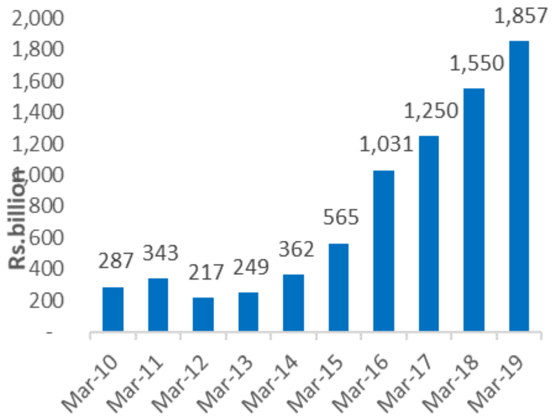
Over the years, the size of the overall microfinance sector has witnessed steady growth, mainly attributed to improved awareness and deeper penetration into rural India that led to increased volumes. Further, increasing inflation a higher number of borrowers with higher loan cycles has been driving higher average ticket sizes.

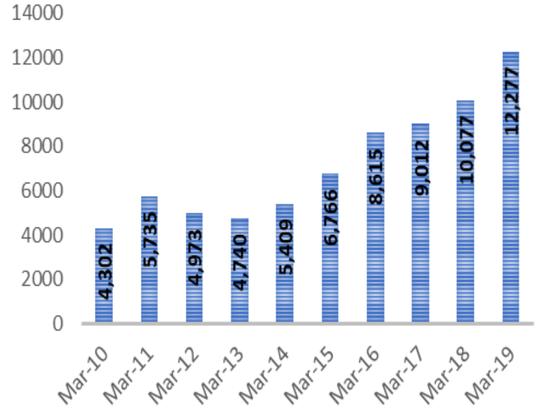
MFI industry resilient over the past decade despite some major events

The microfinance sector, in its various forms, has been in existence in India for several decades. During this period, the industry has grown manifold, driven by the most important driver – an inherent demand for credit at the bottom of the pyramid which remains largely underserved and thus in need for financial services. The growth pattern and asset quality of the microfinance sector in India has been influenced by a number of negative events in the past – the Andra Pradesh crisis of October 2010, farm loan waivers by several states, as well as demonetization in November 2016. The industry has evolved over the cycles and demonstrated resilience by adapting to changing dynamics. While these negative events have had an adverse impact on the microfinance sector, the industry has developed solutions to address the issues posed by these situations, thereby coming out of the crises stronger. For example, despite the recent demonetization in November 2016, the industry remained resilient and continued on its growth trajectory during the year ended 2017, although significant growth for the year was front-loaded. Subsequently, during the year ended 2018, the industry reported an annualized growth of approximately 20%, which put demonetization-related woes to rest.

*Trend in disbursements**

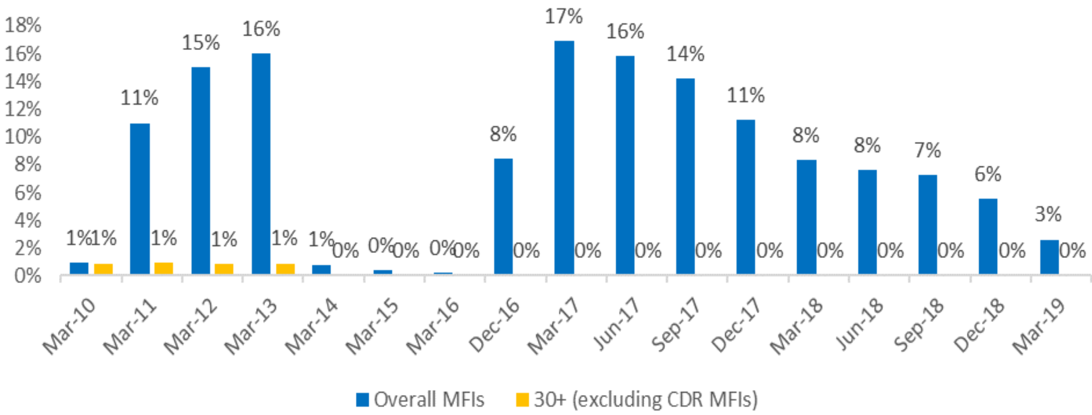
Branch network (number)





*Notes: *excludes disbursements by SHG Bank Linkage programme; Branch network until FY2016 pertains to MFIs and SFBs, and excludes Bandhan and CDR MFIs; FY2017, FY2018 and FY2019 data as per MFIN Micrometer*
Source: MFIN Micrometer, ICRA Research

Industry trend in asset quality – 30 days past dues (dpd) delinquencies



Source: MFIN Micrometer, ICRA Research; Data pertains to Non-CDR entities from March 2014 and AP Portfolio is excluded from March 2014

National Farm Loan Waivers

State and national farm loan waivers have been granted in India from time to time. The national farm loan waiver in 2008 resulted in confusion and moral hazard among borrowers on their liability to repay microfinance loans. As a result, there was a decrease in collection efficiency in the initial years.

Andhra Pradesh (AP) Ordinance (2010)

In October 2010, the AP government passed the AP Microfinance Ordinance to put in place extremely stringent operating guidelines in response to the allegedly coercive collection practices adopted by MFIs in AP, which resulted in mass defaults and suicides by borrowers.

After the implementation of the AP ordinance, there was a sharp decrease in the collection efficiency of AP-based MFIs from over 99% to almost nil with respect to their AP portfolio, forcing most MFIs based in AP to have their debt obligations restructured. On March 31, 2011, 61% of the MFI portfolios were concentrated amongst the AP-based MFIs.

Out of the seven key players with high portfolio concentration in AP, namely, Bharat Financial Inclusion Limited (erstwhile SKS Microfinance Limited), Spandana Sphoorty Financial Limited, Share Microfin Limited, Asmitha Microfin Limited, Trident Microfin Private Limited, Bharatiya Samruddhi Finance Limited and Future Financial Services Limited, six were admitted to CDR (except Bharat Financial Inclusion Limited). Consequently, limited additional funding availability led to a decline in market share of the AP based MFIs to 37% by March 2013.

Most lenders were forced to convert their relatively short-term loans into longer-tenure ones with one year moratorium periods. The credit profile of AP-focused MFIs weakened significantly after the crisis, as they were unable to raise collections from borrowers because of severe state government restrictions. On the other hand, non-AP MFIs also saw fresh funding lines drying up as a result of the general loss of investor confidence. While the temporary drop in funding did impact growth during 2010-2012, the subsequent regulatory changes reduced the uncertainties over the promulgation of similar legislative Acts in other states, addressed concerns on overleveraging of the borrowers, forced MFIs to adopt customer-friendly policies and improvised on origination practices.

MFIs also targeted newer areas with lower penetration, reined in their operating expenses and ensured prudent leveraging of MFIs while assuring reasonable lending rates to borrowers. These positives helped in restoring investor confidence. While equity funding avenues started opening up in 2011-12, debt flows followed soon after. Further, two of these MFIs, Future Financial Services Limited and Spandana Sphoorty Financial Limited were able to successfully come out of the CDR.

Comparison of top 5 MFI players prior to AP crisis

Company	Fiscal	Bandhan	Spandana	BFIL	Share Microfin	Asmitha
Portfolio (₹.billion)......................................	Mar-10	14.95	34.26	43.21	16.94	10.83
	Mar-11	25.07	34.36	42.14	20.30	12.56
Members (in million)..................................	Mar-10	2.30	3.66	6.78	2.36	1.64
	Mar-11	3.25	4.18	7.31	2.84	1.95
Branch Network	Mar-10	1050	1,533	2,029	990	574
	Mar-11	1553	1,731	2,379	1,076	602
Employees	Mar-10	6620	10,428	21,154	5,408	3541
	Mar-11	8813	11,696	22,733	5,640	3479
Portfolio per branch (₹.million)..................	Mar-10	14.2	22.3	21.3	17.1	18.9
	Mar-11	16.1	19.8	17.7	18.9	20.9
Clients per branch.......................................	Mar-10	2,192	2,389	3,342	2,381	2,857
	Mar-11	2,096	2,413	3,071	2,640	3,239
Clients /employee	Mar-10	348	351	321	436	463
	Mar-11	369	357	321	504	561
Operating Expenses/AUM..........................	Mar-10	5.9%	6.5%	9.9%	5.3%	5.20%
	Mar-11	5.7%	6.8%	9.7%	6.1%	5.90%
ROE..	Mar-10	63.7%	53.9%	21.7%	46.2%	41.9%
	Mar-11	40.8%	-1.9%	8.2%	3.1%	10.2%
ROA	Mar-10	6.7%	8.5%	4.9%	5.7%	4.5%
	Mar-11	5.1%	-0.3%	2.7%	0.4%	1.3%

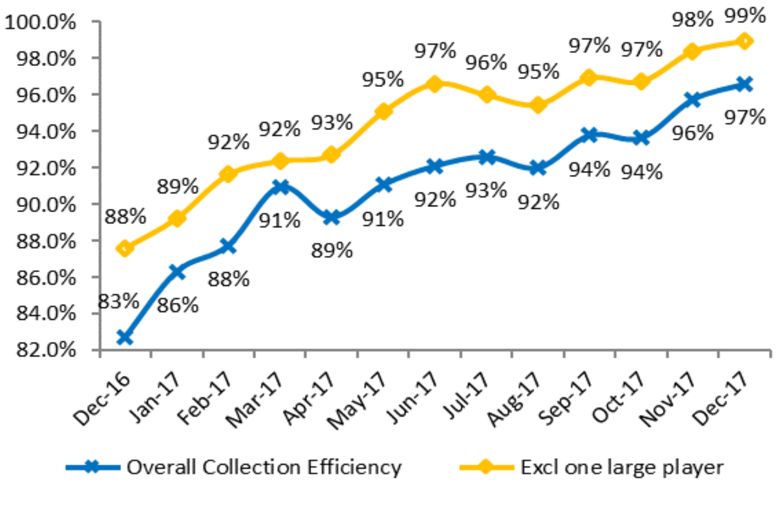
Source: ICRA Research

Demonetization of specified bank notes (2016)

On November 8, 2016, the Indian government announced the demonetization of bank notes of ₹500 and ₹1,000 denominations, which resulted in a severe cash crunch and a sizeable loss for the industry.

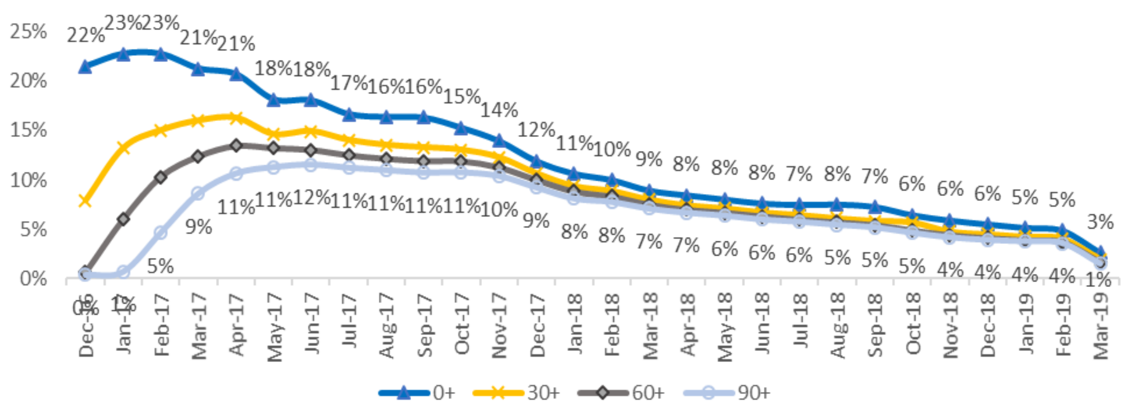
In the aftermath of demonetization, inadequate currency supply, political interference in some states, and disruption in borrower cash flows led to a sharp dip in MFIs' collection efficiencies (from over 98% prior to demonetisation to approximately 75-80 % in November and December 2016). However, subsequently, overall monthly collection efficiencies (defined as monthly collections including overdue collections over monthly billings) (including overdue collections), improved to 97% in December 2017, from approximately 90% in March 2017. Improvement in collections has been supported by several factors including improvement in borrowers' livelihoods, closer customer engagement and awareness / education programmes by stakeholders on the implications of loan defaults, focused collection strategies adopted by most of the MFIs for the affected regions increased disbursements.

Trends in collection efficiency post demonetization



Source: ICRA Research

Month on month trends in asset quality post demonetization (MFIs + SFBs)



Source: ICRA Research

Due to a significant improvement in collection efficiency, incremental slippages into delinquencies are slowing on account of partial payments by delinquent borrowers and good collection efficiency in fresh disbursements. This has led to a decline in absolute delinquencies and increase in portfolio size led to a reduction in 0+ delinquency percentage. Overall 0+ dpd for the sector, decreased from the peak of 23.6% in February 2017 to about 3% in March 2019. Further, supported by write-offs, some recoveries from delinquent contracts in affected areas, and high portfolio growth, the 90+ dpd for the sector reduced to 1% as on March 31, 2019.

Trends in state-wise delinquencies for MFIs and SFBs

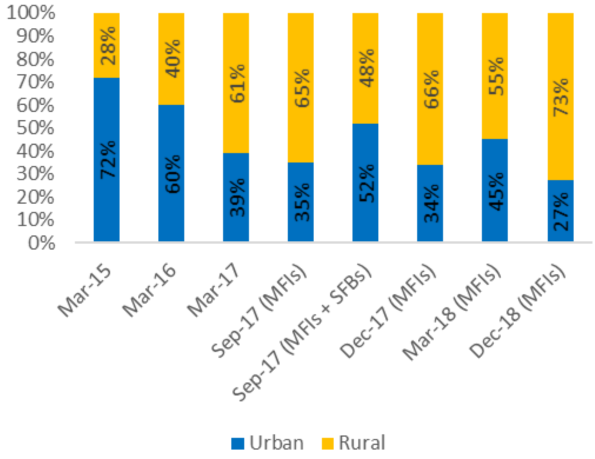
	Share of Portfolio			30+ days past due				90+ days past due			
STATE	**Dec-17**	**Mar-18**	**Dec-18**	**Sep-17**	**Dec-17**	**Mar-18**	**Dec-18**	**Sep-17**	**Dec-17**	**Mar-18**	**Dec-18**
Karnataka	15%	13%	12%	16%	13%	4%	2%	14%	11%	4%	1%
Tamil Nadu	12%	14%	13%	13%	12%	1%	2%	11%	10%	1%	1%
Uttar Pradesh	11%	10%	9%	23%	19%	7%	3%	17%	16%	5%	3%
Maharashtra	10%	10%	9%	25%	22%	9%	4%	23%	21%	9%	4%
Bihar	9%	10%	11%	3%	2%	1%	0%	2%	2%	0%	0%
Odisha	8%	8%	9%	4%	2%	1%	1%	3%	1%	1%	0%
Madhya Pradesh	7%	7%	6%	15%	13%	5%	3%	12%	11%	4%	3%
West Bengal	7%	7%	8%	8%	7%	2%	1%	7%	6%	2%	1%
Gujarat	3%	3%	3%	17%	17%	4%	3%	13%	15%	4%	2%
Rajasthan	3%	3%	4%	8%	7%	2%	1%	6%	6%	2%	1%
Jharkhand	2%	3%	3%	10%	9%	3%	1%	8%	8%	3%	1%
Haryana	2%	2%	2%	22%	19%	7%	2%	17%	16%	5%	2%
Punjab	2%	2%	2%	14%	13%	4%	2%	10%	10%	3%	1%
Kerala	2%	3%	3%	3%	2%	2%	4%	2%	2%	2%	2%
Chhattisgarh	2%	2%	2%	10%	7%	1%	1%	8%	6%	1%	1%
Assam	1%	2%	2%	3%	2%	1%	1%	2%	1%	1%	0%
Delhi	1%	1%	1%	18%	19%	5%	2%	14%	16%	4%	2%
Uttarakhand	1%	1%	1%	42%	37%	16%	8%	35%	32%	14%	7%
Puducherry	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Himachal Pradesh	0%	0%	0%	9%	8%	5%	1%	7%	7%	4%	1%

Source: ICRA Research

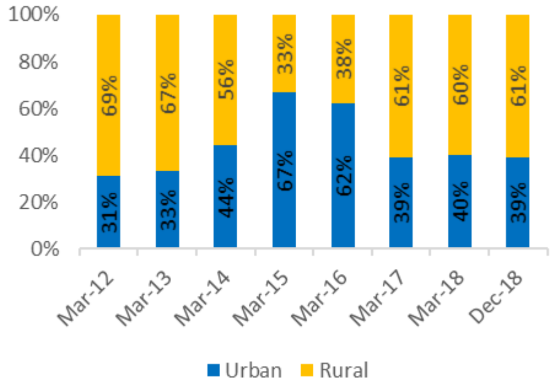
Key Trends in the Indian Microfinance Sector

Increasing share of portfolio in rural areas

Trends in share of urban and rural clients



Trends in share of urban and rural portfolio



Note: March 2017 data pertains only to MFIs
Source: Bharat Microfinance report, MFIN Micrometer, ICRA Research

As of December 31, 2018, the share of the portfolio in urban (and semi-urban) areas was 39.0% (for MFIS and SFBs). ICRA Research notes that exposure of MFIs to urban areas was on the rise until March 2016 as lending in urban areas enables MFIs to give higher ticket loans *vis-a-vis* rural areas, partly to bring down the operating expense ratios while complying with the margin cap regulation by the RBI. However, more specifically, post-conversion of SFB licensees and their exclusion from the NBFC-MFI category, the share of rural clients has increased for NBFC-MFIs as they are more focused on serving the rural clients.

During 2016, most MFIs were in a high growth phase as evidenced by the high proportion of borrowers in the first loan cycle in the industry portfolio. The share of first cycle borrowers increased from 30% in March 2014 to 59% in September 2016 mirroring the strong growth phase of the industry.

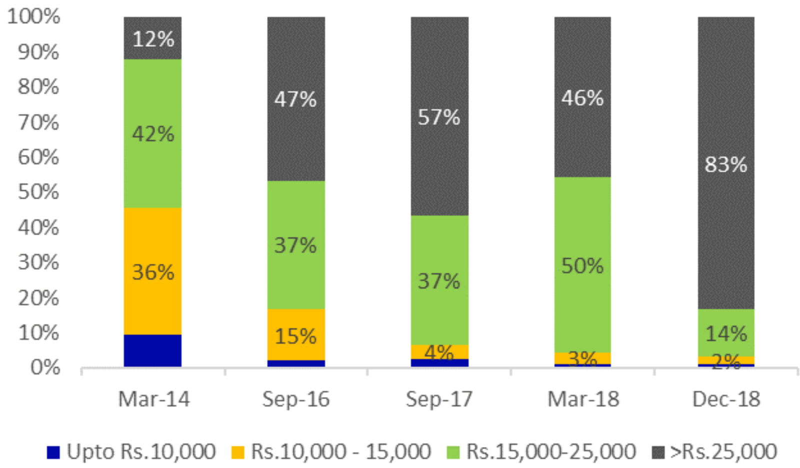
However, the share of first cycle borrowers declined to 54% in September 2017 and remained at similar levels as of December 2018, owing to moderation in new client additions post demonetisation and MFIs' shift in focus to serving existing clients with good track records. While some first cycle borrowers may genuinely be borrowing for the first time from an MFI, some of them may also have a prior track record with other MFIs. A mitigant in this aspect is the past track record of these borrowers being available with the bureaus. Nevertheless, in the absence of a track record with an MFI, the perceived risk of a new borrower is relatively high.

Loans with larger ticket size have increased

While close to 10% of the borrowers had loans less than ₹10,000 in March 2014, the share came down to slightly above 2% in September 2016 and has remained broadly comparable as of December 2018.

Loans with ticket sizes greater than ₹25,000 have increased from 12% as on March 31, 2014 to 47% of the portfolio as on September 30, 2016 and further to 83% as on December 31, 2018.

Ticket-size wise portfolio mix of the industry



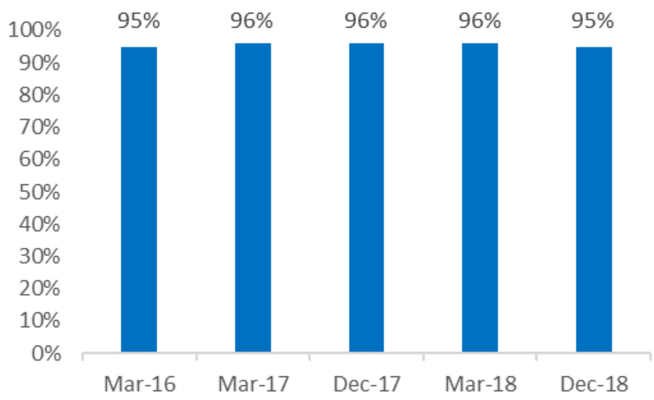
Source: ICRA Research

Income generation loans account for 96% of loans

In line with the requirement by the Reserve Bank of India, most of the microfinance loans in India are sanctioned towards income generation purposes. The share of income generation loans has consistently remained over 90%.

Within income generation loans, a majority of the loans outstanding were utilized for agriculture and allied activities (such as animal husbandry, poultry and dairy), followed by trading activities.

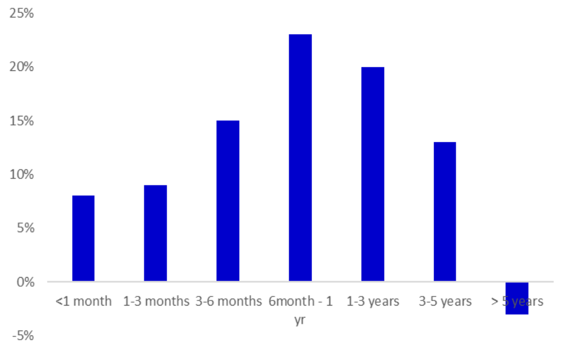
Share of income generation loans



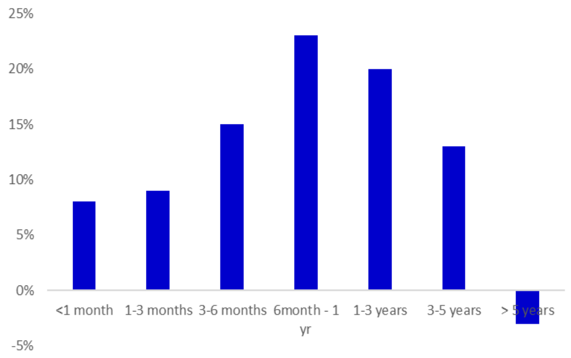
Source: ICRA Research, MFIN Micrometer

Asset-Liability maturity profile

Cumulative gaps as percentage of total assets for MFIs and SFB



Cumulative gaps as percentage of total assets for MFIs



Source: ICRA Research

NBFC MFIs have been able to maintain a favourable ALM profile as the advances comprise relatively shorter-tenure microfinance loans compared to the tenure of borrowed funds. While SFBs were able to raise a significant amount of non-callable deposits, the microfinance industry has received interest from foreign portfolio investors and development finance institutions. ICRA Research notes that this, coupled with continuity of PSL status and higher securitization, enabled MFIs to maintain an adequate liquidity profile.

Within the MFIs, larger MFIs were relatively better placed in fund-raising due to their reliance on banks compared to smaller MFIs which rely on larger NBFCs. Though the liquidity squeeze among NBFCs since September 2018 has impacted the growth to some extent, the on-balance sheet liquidity remains robust for a period of up to one year for 21 out of the 25 entities analysed by ICRA Research, even at a collection efficiency of 80%.

On the back of liquidity woes and fund-raising constraints, NBFC-MFIs significantly increased their reliance on securitisation to help meet their growth targets in the year ended 2019. As per data collated by ICRA Research, NBFC-MFIs tapped the securitisation market to raise over ₹26,000 crore in the year ended 2019, nearly three times the amount raised in the year ended 2018 (₹9,700 crore). Off-balance sheet funding has always been an important source of capital for NBFC-MFIs. The dependence on securitisation was even greater during the year ended 2019, especially in the second half of the fiscal.

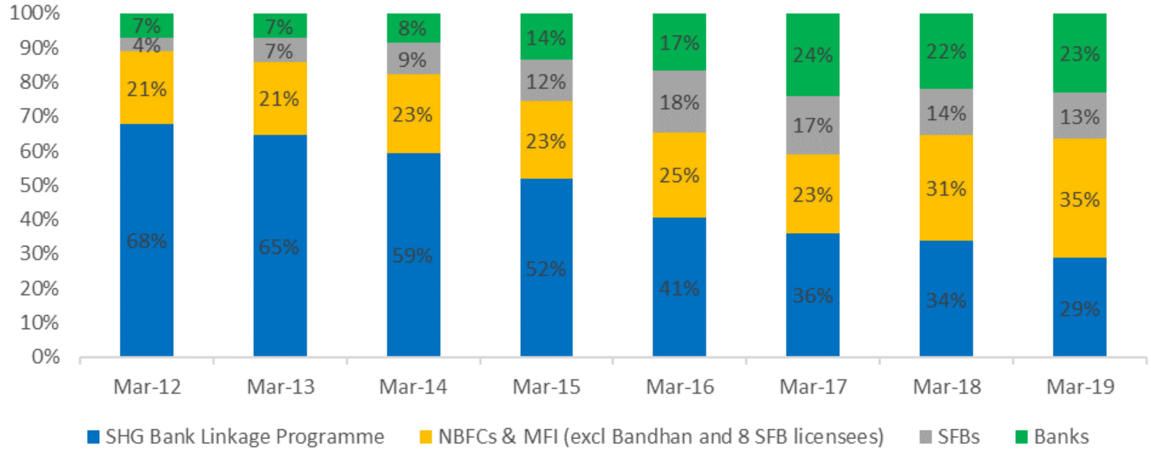
During the year ended 2018 and in the first half of the year ended 2019, securitisation contributed to 18-20% of the disbursements made by the NBFC-MFIs. This number increased to 37% and 50% in the third quarter of the year ended 2019 and the fourth quarter of the year ended 2019, respectively. Several NBFC-MFIs were unable to derive funding from conventional routes due to a general slowdown in credit offtake in the second half of the year ended 2019 and thus had to rely heavily on securitisation and direct assignments for raising funds. This, yet again, underscored the importance of securitisation as an alternate funding avenue.

ICRA Research also noted a sharp increase in the number of NBFC-MFIs partaking in the securitisation market in the year ended 2019. There were 24 entities (either as single originators or as a part of multi-originator securitisation transactions) that accessed the securitisation market in the year ended 2018. The number nearly doubled to 43 in the year ended 2019. Out of these 43 entities, 14 were using securitisation routes for the first time ever.

Competitive dynamics

NBFC-MFIs have grown the fastest in the MFI industry

Microfinance portfolio composition across participant groups



Source: Basic Statistical Returns (RBI), Status of Microfinance in India (NABARD), Financials of various MFIs, MFIN Micrometer, ICRA Research estimates

The microfinance market in India comprises various participants including banks, NBFC-MFIs, NGOs, MFIs, SHG bank linkage programmes and SFBs.

Trends in MFI market composition (₹ in billions)

	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	5-yr CAGR
SHG Bank Linkage Programme	280	312	366	394	429	516	571	616	690	759	12%
NBFC & MFI (excluding Bandhan and 8 SFB licensees).........................	190	221	113	129	164	227	347	393	632	917	41%
SFB licensees..............................			22	42	68	119	249	290	278	347	39%
Banks (including Bandhan)			38	44	61	135	235	410	448	610	59%
Total MFI Portfolio....................	**470**	**533**	**538**	**609**	**722**	**998**	**1402**	**1,710**	**2,048**	**2,633**	**30%**
Growth											
SHG Bank Linkage Programme ...	23%	11%	17%	8%	9%	20%	11%	8%	12%	10%	
MFI (excluding Bandhan and 8 SFB licensees)................................	84%	16%	-49%	14%	27%	38%	53%	13%	61%	45%	
SFB licensees..............................				95%	62%	75%	109%	17%	-4%	25%	
Banks (including Bandhan)				17%	39%	121%	74%	74%	9%	36%	
Total...	**42%**	**13%**	**1%**	**13%**	**19%**	**38%**	**40%**	**22%**	**20%**	**29%**	

Source: Micrometer, ICRA Research estimates

The SHG Bank Linkage programme has witnessed slow growth resulting in shrinkage of its share in the overall MFI lending to 34% in March 2018 and 29 % in March 2019 compared to 68% in March 2012. Total number of SHGs with savings bank deposits increased from 7.69 million in March 2015 to 7.90 million in March 2016 and to 8.57 million in March 2017 reporting a growth of 2.68% and 8.53% in the year ended 2016 and the year ended 2017 respectively. NBFCs and MFIs on the other hand have reported steady gain in market share in the last few years to 31% in March 2018 and 35% in March 2019.

Comparison of different business models

Comparison of JLG and SHG models

Model	**JLG**	**SHG**
Group size..................................	Smaller size of 5-10 members	About 20 members
Gestation period for loan approval	Upon formation of Groups	Upon demonstrating a savings track record for 3-6 months
Loan sanction and disbursal........	Loans sanctioned and disbursed to individual borrowers	Loans sanctioned and disbursed to the SHG; subsequently split among group members.

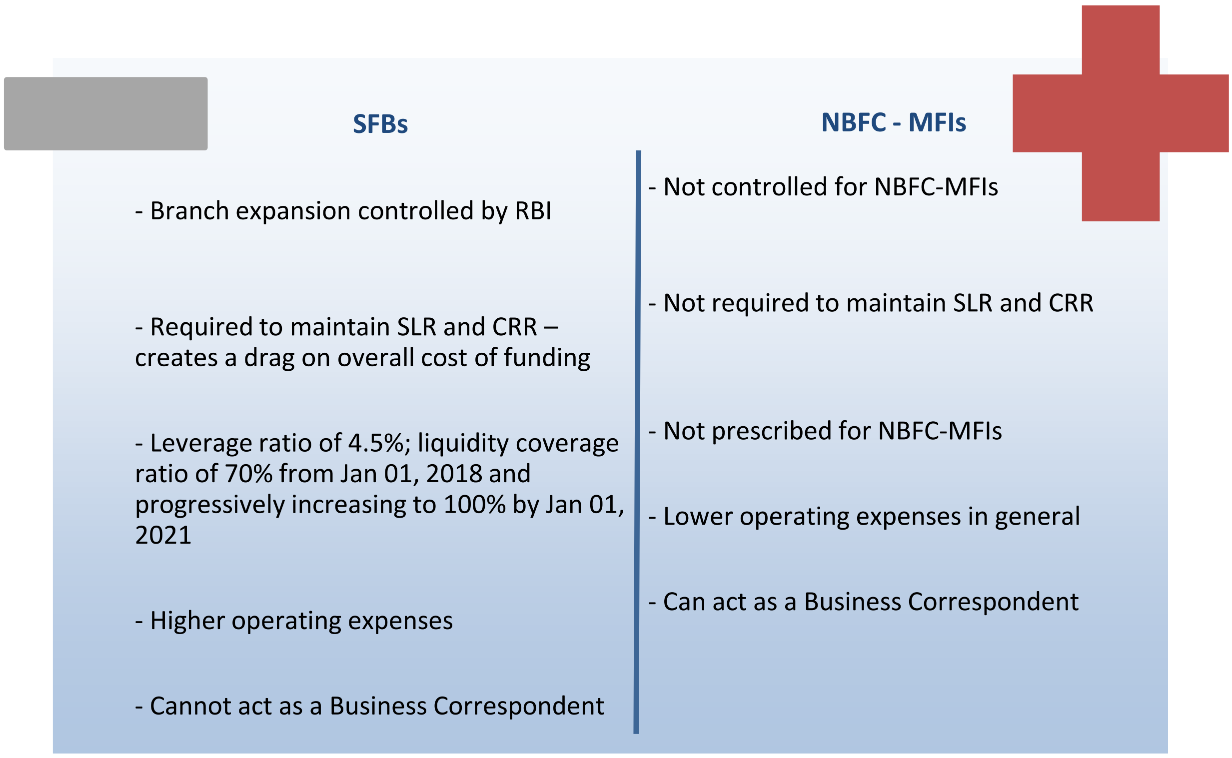
Model	JLG	SHG
Borrower identification...............	KYC verification undertaken for all members of the JLG	KYC verification of all members of the SHG not mandatory; KYC verification of office bearers mandated
Mandatory savings account	No	Yes; Savings culture is an integral part of the SHG model
In-lending within the group	No	Yes; Group savings can be utilized for lending to SHG members
Repayment frequency	Weekly / Fortnightly / Monthly	Typically monthly

Source: ICRA Research

In contrast to the JLG model where members are eligible for a loan immediately after the formation of the group, the SHG model requires the groups to build savings for the first 3-6 months before becoming eligible for loans. Further, the SHG model requires relatively larger groups with size in the range of 20 members, whereas a JLG group is formed by 5 to 10 members. Consequently, the ease and speed of forming groups and availing loans in the JLG format has resulted in a steeper growth in the MFI space compared to SHG model.

Comparison of MFI and SFB models

The following charts show the positive and negative aspects of SFBs and NBFC-MFIs.



SFBs	NBFC - MFIs
- Can accept deposits – source of low cost funding	- Not permitted to accept deposits
- Pricing not controlled	- Pricing to be lower of: a) Cost of funds + Margin cap of 10% for MFIs with portfolio exceeding Rs.1 billion crore and 12% for others; b) 2.75x of average base rate of five largest commercial banks by assets
- Can undertake distribution of mutual fund units, insurance products, pension products – aids diversification of income stream	- Not permitted; insurance for group, livestock, life, health for borrower however is permitted
- Access to wider range of funding sources	- Relatively limited funding avenues in comparison to SFBs

Source: ICRA Research

Growth outlook for MFI sector

ICRA Research believes that the MFI sector has immense potential to grow the client base as well as ticket size per borrower. ICRA Research estimates that the micro-credit opportunity is about ₹5-6 trillion supported, considering the addressable market of low-income households in India.

Microfinance opportunity

Particulars	Urban	Rural
Total Households (Census 2011)................	78 million	168 million
Total Households 2018 (Est)	90 million	180 million
Target households*	52 million	108 million
Total credit need	₹3.2 trillion	₹4.5 trillion
Credit Gap	~ ₹5-6 trillion opportunity	

* *Income in the range of 5,000-10000 pm; and 50% of the households with income <5000 pm and >10,000 pm*

Industry size to grow at CAGR 20-22% in the medium term

ICRA Research expects the traction in disbursements to sustain and the industry to report a portfolio growth in the range of 20-24% per annum over the medium term. Within this, the pace of growth of the non-SHG portfolio is expected to be higher at 25-30% per annum. Further, the ticket sizes are likely to go up in the states where the penetration levels are high. Overall client growth is expected to be 8-10% and loan outstanding per borrower is expected to increase by 12-15%.

Overall growth, however, would be moderated to an extent by the focus of SFBs on increasing portfolio share of other asset classes such as business loans, affordable housing and retail lending. The conclusion of recent inorganic activities in the MFI space will also result in the redistribution of business across participant categories.

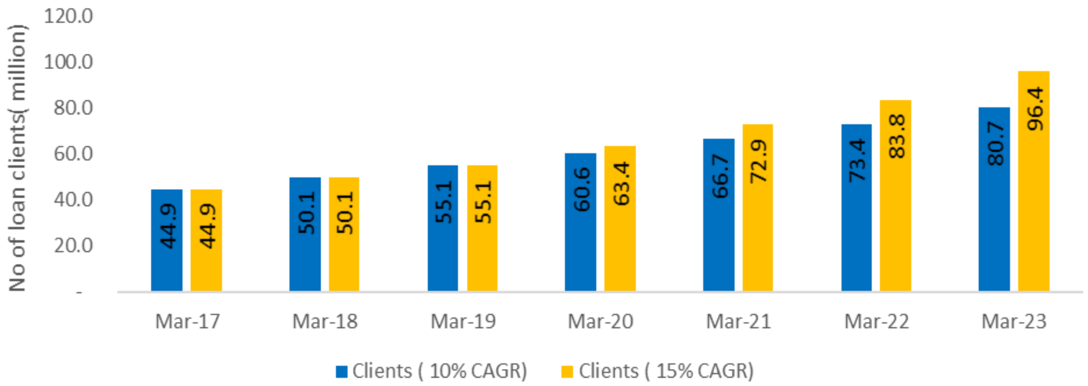
Scope for enhancing credit availability remains significantly high

Several initiatives that are aimed at enhancing access of credit for the unbanked and weaker section of the society are being taken up by the government of India. While this has resulted in increasing number of borrowers forming part of the formal financing chain, the scope for enhancing credit availability in rural areas remains significantly high.

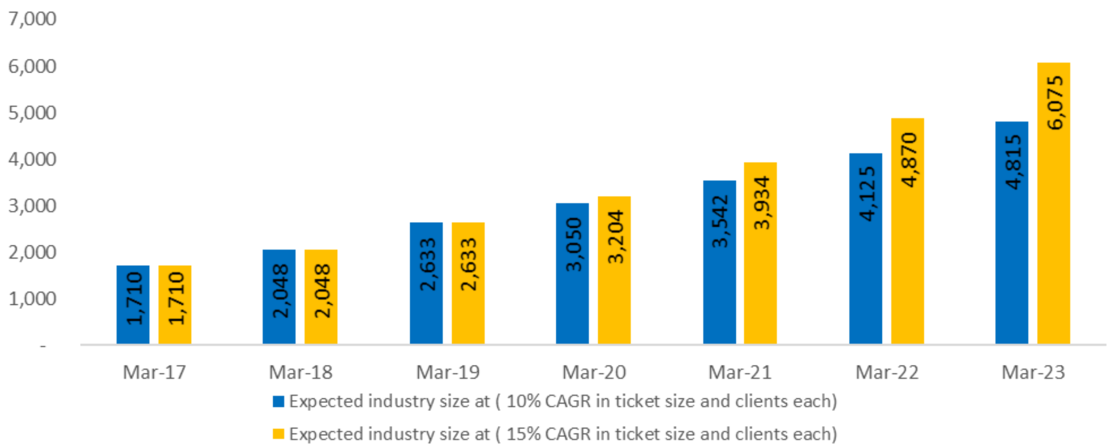
Low current penetration in several large states

There is tremendous scope for increment in ticket sizes and growth for the MFI industry given that some of the large states such as Uttar Pradesh, Bihar, Madhya Pradesh, Gujarat, Chhattisgarh, Punjab and Haryana have relatively more rural population and relatively more low income households and are still underpenetrated. Further, given that MFIs have the scope to lend another 15% of their portfolio towards non-qualifying (i.e. non-microfinance) loans, they would be able to grow their microenterprise loans/micro-housing loans as well. Within the microfinance space, ICRA Research expects the NBFC-MFIs to continue gaining market share given the relatively faster growth expectations for the segment against the backdrop of SFBs' focus on enhancing business growth in the other asset classes such as business loans, gold loans, affordable housing among others.

Expected growth in client base



Market growth estimates

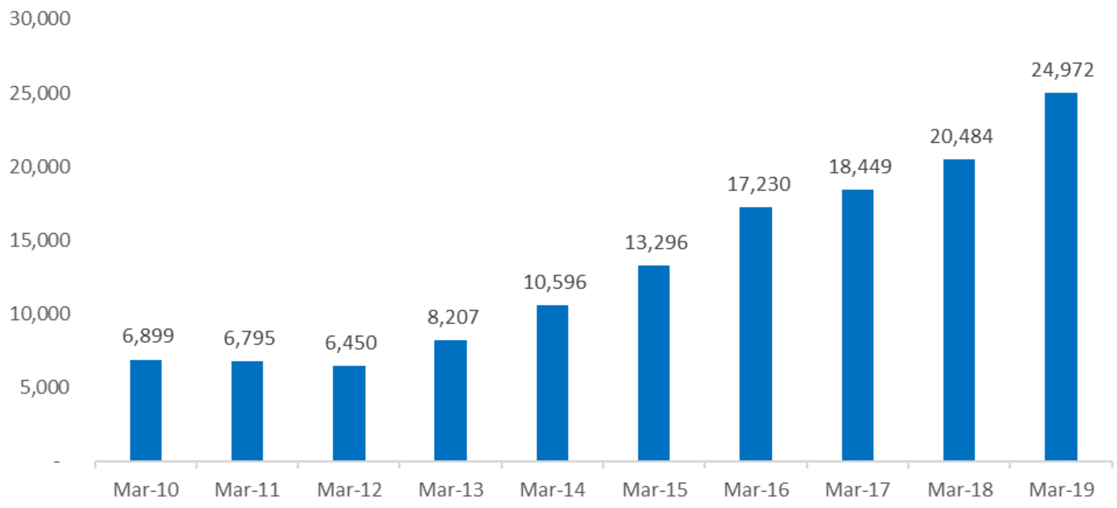


Source: ICRA Research

Increase in ticket sizes

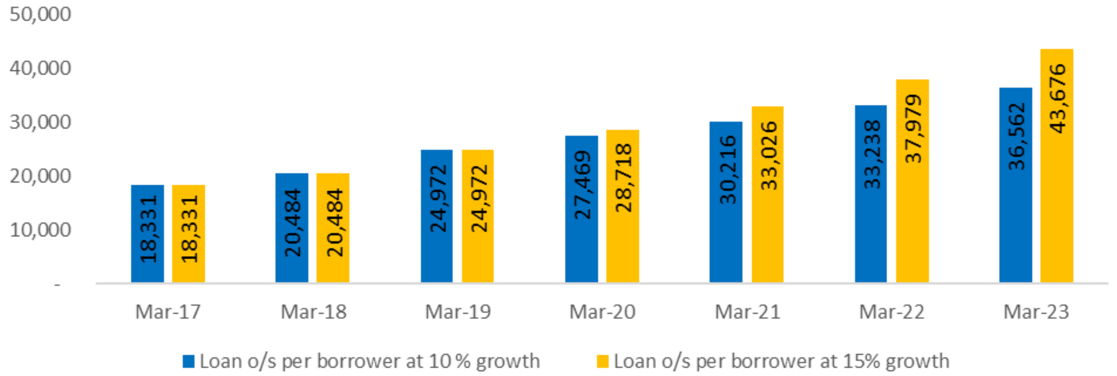
Though the SHG Bank Linkage model and MFI channels have helped in improving the access to credit, ticket sizes (loan outstanding per borrower) have remained moderate (loan outstanding per borrower was ₹24,972 in March 2019). Therefore, a borrower's credit requirements may not be completely fulfilled through these channels making borrowers dependent on other informal channels (such as money lenders) for meeting their credit requirements.

Trend in portfolio outstanding per borrower (in ₹)



Source: ICRA Research

Expected ticket sizes



Source: ICRA Research

Continued priority sector status for indirect lending to MFIs

The RBI allowed priority sector lending status to MFIs which has enabled growth for the industry by way of enhancing funding avenues and credit flow for the industry participants. Accordingly, MFIs have witnessed improvement in their funding profiles over the past few years with better diversification of sources and lower reliance on bank lines.

Structural reforms likely to support fostering asset quality; supporting growth

Over the past few years, the government of India, through various agencies such as the RBI, NABARD and SIDBI, has introduced several structural reforms fostering good lending practices to protect the interests of borrowers as well as industry participants.

Self-regulatory organisations and implementation of a uniform code of conduct

The self-regulatory organisations ("**SROs**") have since played a key role in shaping the microfinance space by way of undertaking borrower education initiatives, strengthening grievance redressal mechanisms, enhancing compliance and governance standards, and bringing uniformity in KYC documents and credit bureau verification processes. SROs have also been playing a key role in mitigating and containing these risks by interacting with state/district administration to create awareness about the sector, as well as reaching timely resolution of issues along with other stakeholders including MFIs themselves. Further, with the multiplicity of sources of credit to the sector (banks, NBFC-MFIs, BCs, among others) and with regulation only in place for the NBFC-MFI segment, MFIN launched the Mutually Agreed Code of Conduct (MACC or the Code), a uniform set of business conduct rules. This code is applicable to all providers of unsecured micro-credit under group liability or individual models of microfinance as defined by the RBI, and are sector specific and entity agnostic. The code restricts the maximum loans given based on joint liability of group borrowers (JLG loan) to ₹80,000 per customer. While many lenders have yet to sign this Code, in ICRA Research's opinion, the Code is a step in the right direction for addressing the issue of multiple loans per borrower, owing to the varying interpretation of RBI's two MFI norms for NBFC-MFIs given the current scenario where more than two-thirds of the microfinance portfolio is being serviced by non-NBFC-MFIs.

Enhancing accuracy of credit bureau reports

Availability of credit history details of microfinance borrowers has enhanced the underwriting standards of the microfinance industry in the last few years. At present, there are four CICs operating in micro loans space; viz: Equifax India Limited, CRIF High Mark Credit Information Services Private Limited, Experian Credit Information Company India Private Limited and TransUnion CIBIL Limited. According to the MACC, all lenders are required to share customer indebtedness data with all the RBI approved CICs on a weekly basis. This measure is expected to mitigate credit risk for MFIs to a large extent. Sharing data with credit bureaus has helped to check the number of loans, quantum of loans and the credit track record of a borrower. This has helped in reducing the incidence of overleveraging as well as the filtering of delinquent borrowers- these measures are likely to support the long-term impact on the credit quality of MFIs.

MFIs move towards cashless operations to reduce operational risk

Post demonetization, a large number of lenders have focused on reducing operational risks by moving from disbursements being made in cash to disbursements being made directly in borrowers' bank accounts. Further, many lenders have adopted Aadhar as the primary KYC and used biometric machines for authentication of clients. These process improvements are likely to reduce issues related to borrower frauds arising out of fake I.D. proof, and reduce operational risks out of cash handling. Many lenders are also working on moving to cashless collections, though the coverage against the same has been limited.

Cross-selling opportunities

Given the extensive reach of MFIs and SFBs (over 50 million clients) which they touch base with on a regular basis, various MFIs are utilising their reach as an opportunity to cross sell products that are relevant for the client base, such as solar lamps, insurance, pensions, etc. This could be a win-win situation for the clients as well as MFIs, as MFIs have the opportunity to earn fee income from the same, whereas clients would also get good access to relevant products and services for meeting their requirements.

Vulnerable borrower profile

Given the marginal borrower profile, the MFI borrower has limited cushion to absorb income shocks. The borrower segment is also vulnerable to political, communal and environmental issues, which could make recovery from harder buckets difficult.

Operational risks out of cash handling

Operational Risks are high in the segment given the significantly high level of cash collections and disbursements. Post demonetisation, MFIs are moving to cashless disbursements into borrower bank accounts. Efforts are also being made by some MFIs to encourage borrowers to move to cashless collections to reduce operational risks. MFIs are also trying to improve their appraisal processes through EKYC verification of borrowers during enrolment, which is likely to reduce instances of multiple and fake identity proof. Further, use of uniform identity proof is likely to help in reducing instances of overleveraging and multiple loans per client, provided all lenders agree to use similar verification processes and identity proof.

Shortcomings in the current credit bureau data

While data sharing by the credit bureaus has enabled the MFIs to maintain good asset quality despite their high pace of growth, certain gaps have been observed at the industry level, which are being plugged by the RBI and the SROs. While MFIN has mandated weekly data sharing with the bureaus, SHG data is not being captured by the bureaus. In case of overlapping borrowers between MFIs, an assessment of borrower indebtedness - as gathered from credit bureau data - would not reflect SHG data. Hence, the total borrower or household debt from formal sources cannot be determined with confidence. Loans from informal sources are also not currently captured in the leveraging status of the borrowers. This is partly attributable to the limited interactions between field staff and borrowers, and the appraisal processes being largely limited to KYC documentation and credit bureau checks. In ICRA Research's opinion, MFIs would need to focus more on understanding customer leverage and their repayment capacities, going forward.

Regulatory Framework

Microfinance sector in India governed by RBI guidelines

The rapid pace of growth of the MFI sector, during calendar year (CY) 2009 and CY2010 was reined in by the AP Ordinance of October 2010 that had been issued by the AP government following the microfinance crisis witnessed by the state. The ordinance was built on the basis of four premises:

that MFIs charged usurious interest rates;

use coercive methods to collect interest if clients fail to pay on time;

of these practices were forcing the poor to commit suicide; and

that MFIs make huge profits and have no social mission to help the poor.

Consequent to this Ordinance, collections in the state of AP dropped to a low of 1-5% with some stress in collections also witnessed in a few districts in neighbouring states.

This issue brought the need to regulate MFIs. A committee headed by Mr. Y H Malegam was commissioned by the RBI to conduct a study into the high interest rates, coercive recovery processes and multiple lending practices by some MFIs and come up with a proposal for the regulation of the sector. The committee submitted its proposal in January 2011, detailing the criteria for lending to borrowers and sought to address the highlighted issues by introducing strict eligibility criteria for borrowers, pricing guidelines for MFIs and capping loan size, borrower income as well introducing loan utilization criteria. In addition, this proposal also sought to reduce the uncertainty relating to state government interference by exempting NBFC-MFIs from the Moneylender's Act. With most of the Malegam committee recommendations having been adopted and under the regulatory supervision of RBI, the operating environment of the microfinance sector has improved considerably.

Further, RBI guidelines forced MFIs to adopt customer friendly policies, strong origination practices, target newer areas with lower penetration and rein in their operating expenses

The RBI guidelines issued in December 2011

In December 2011, the RBI decided to create a separate category for NBFC-MFIs and provided directions that need to be complied with by all NBFCs desirous to be categorised as NBFC-MFIs. Moreover, it was also clarified that NBFCs that are not categorised as NBFC-MFIs will not be allowed to extend loans to the microfinance sector, which comprises more than 10% of their total assets. These guidelines laid down the following conditions to be met by all NBFC-MFIs:

A minimum Net Owned Funds (NOF) requirement;

at least 85% of the MFIs net assets are in the nature of "qualifying assets";

total capitalisation should be at least 15%, with Tier II Capital not exceeding Tier I Capital; and

more stringent provisioning norms than stipulated for other NBFCs.

Several modifications to the guidelines were made and the highlights of the present guidelines are as follows:

Key highlights of qualifying assets criteria stipulated by RBI

Minimum NOF	Minimum Net Owned Funds of ₹5 crore. (For NBFC-MFIs registered in the North Eastern Region of the country, the minimum NOF requirement shall stand at ₹2 crore).
Qualifying Assets	Not less than 85% of its net assets are in the nature of "qualifying assets."
Criteria for Qualifying Assets	
Borrower Selection Criteria	
Borrower Household Income....	₹1,00,000 for rural borrowers ₹1,60,000 for non-rural borrowers
Total Borrower Indebtedness....	₹100,000
Loan for income generating activity	Aggregate amount of loan, extended for income generating activity, should not be less than 50% of the total loans given by MFIs.
Key Loan Characteristics	
Loan Amount...........................	₹60,000 in first loan cycle and ₹100,000 in subsequent cycles
Margin cap...............................	10% for all MFIs with portfolio >₹1 billion and 12% for MFIs with portfolio less than ₹1 billion.
Interest Rate cap	Interest rate on individual loans will be the average Base Rate of five largest commercial banks by assets multiplied by 2.75 per annum or cost of funds plus

	margin cap, whichever is less. The average of the Base Rate shall be advised by Reserve Bank of India at the start of every quarter.
Tenor of loan	Tenure of loan should be at least 24 months when loan amount is more than ₹30,000
Repayment Frequency	Loan should be repayable in weekly, fortnightly or monthly instalments as per the choice of the borrower
Prepayment Penalty	Nil
Delayed Payment Penalty	Nil
Collateral on loan......................	Nil
CRAR	15%, Tier 2 not to exceed Tier 1 Capital
Provisioning..............................	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 instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

Source: RBI

Competitive Benchmarking

The analysis below conducted by ICRA Research in relation to major MFIs and SFBs does not include certain data for certain players (Muthoot Microfin Limited, Asirvad Microfinance Limited, Jana Small Finance Bank and Utkarsh Small Finance Bank as at March 31, 2019, and Jana Small Finance Bank as at March 31, 2018). For further details, see "Risk factors – Third-party industry and industry-related statistical data in this Prospectus may be incomplete" on page 23.

*Please note that Average Managed Assets ("**AMA**") refers to the average of total assets plus off-balance sheet assets, and in this chapter, AMA for our Company corresponds to Gross AUM (including the old AP Portfolio). Consequently, the various AMA-related ratios have been calculated by ICRA Research to take into account our Gross AUM (including the old AP Portfolio). In addition, ICRA's calculation of net worth for our Company has not taken into account our OCCRPS (which are taken into account in the calculation of our restated net worth). Accordingly, the net worth as calculated by ICRA differs from our restated net worth.*

Market share

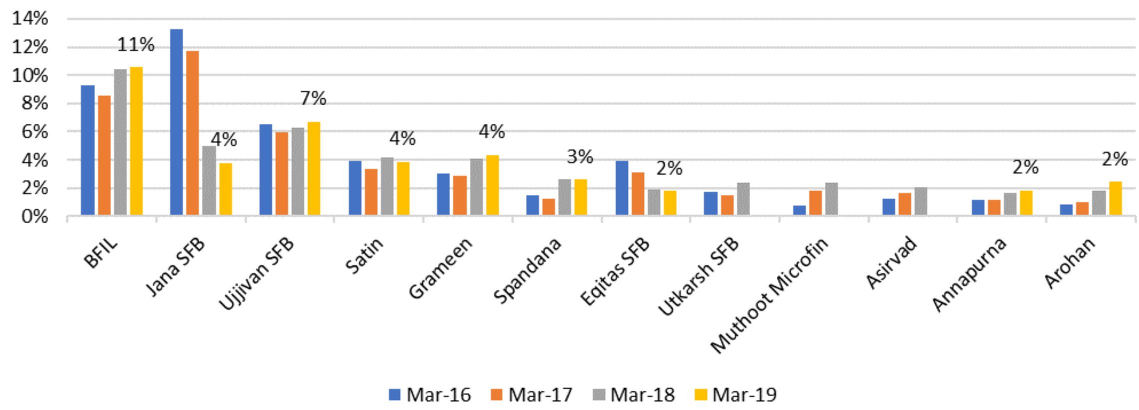
Trend in portfolio size and disbursements

Period ending	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	CAGR
Portfolio (MFIs+SFBS) (₹ in billion)	232	289	486	609	763	1,035	35%
Portfolio (MFIS, SFBs and Banks) (₹ in billion).	293	482	847	1,088	1,211	1,646	41%
Portfolio (Spandana Sphoorty Financial) (₹ in billion)	9	12	12	13	32	43	37%
Growth Trends							
Growth (MFI and SFBs).....................................	36%	25%	68%	25%	23%	36%	
Growth (MFIs, SFBs and Banks)	36%	65%	76%	28%	15%	36%	
Growth (Spandana Sphoorty Financial)...............	-5%	34%	-2%	6%	144%	35%	

Note: Spandana's data excludes old AP Portfolio
Source: MFIN Micrometer, ICRA Research

Overall growth rates for Spandana until the year ended March 31, 2017, have been lower than industry growth rates owing to the impact of the AP crisis on the liquidity position and borrowing ability of the company which constrained its growth. However, post April 2017 after Spandana came out of CDR, coupled with equity and funding infusion, Spandana's pace of growth has been strong. Prior to the AP crisis, Spandana was the second largest MFI in terms of AUM as on March 2010.

Market share based on AUM



Note: Market share calculated based on overall Microfinance portfolio (MFIs, SFBs, Banks as published in MFIN Micrometer), FY2019 AUM details of Utkarsh SFB, Muthoot Microfin and Asirvad Microfinance are not available publicly.
Source: MFIN Micrometer, ICRA Research

Comparison of AUM, Market shares and AUM growth

	AUM				Market Share on Portfolio				AUM growth			
Entity	**Mar-16**	**Mar-17**	**Mar-18**	**Mar-19**	**Mar-16**	**Mar-17**	**Mar-18**	**Mar-19**	**Mar-16**	**Mar-17**	**Mar-18**	**Mar-19**
		(₹ in billions)										
Bandhan Bank	122.8	146.8	205.8	347.0	14.8%	13.7%	17.0%	21.1%	-	19.5%	40.2%	68.6%
Bharat Financial Inclusion Limited	76.8	91.5	125.9	173.9	9.3%	8.5%	10.4%	10.6%	84.1%	19.1%	37.6%	38.2%
Jana Small Finance Bank*	109.8	125.5	60.3	62.2	13.2%	11.7%	5.0%	3.8%	191.0%	14.3%	-52.0%	3.1%
Ujjivan Small Finance Bank*	53.9	63.8	75.6	110.5	6.5%	6.0%	6.2%	6.7%	64.6%	18.4%	18.5%	46.2%
Satin Credit Care Network..........	32.7	36.2	50.8	63.7	3.9%	3.4%	4.2%	3.9%	52.8%	10.7%	40.3%	25.5%
CreditAccess Grameen................	25.4	30.8	49.8	71.6	3.1%	2.9%	4.1%	4.3%	75.5%	21.3%	61.5%	43.9%
Spandana Sphoorty Financial.......	12.2	13.0	31.7	42.7	1.5%	1.2%	2.6%	2.6%	-6.1%	6.6%	143.8%	34.7%
Equitas Small Finance Bank^	32.8	33.0	23.0	29.6	4.0%	3.1%	1.9%	1.8%	53.1%	0.6%	-30.3%	28.5%
Utkarsh Small Finance Bank........	14.3	16.1	28.5	NA	1.7%	1.5%	2.4%	0.0%	96.7%	12.6%	77.0%	NA
Muthoot Microfin Limited	6.5	19.7	29.2	NA	0.8%	1.8%	2.4%	0.0%	-56.6%	203.1%	48.2%	NA
Asirvad Microfinance Limited	10.0	17.9	24.4	NA	1.2%	1.7%	2.0%	0.0%	191.5%	79.0%	36.3%	NA
Annapurna Finance Limited.........	9.3	12.4	19.5	30.2	1.1%	1.2%	1.6%	1.8%	132.4%	33.3%	57.3%	54.8%
Arohan Financial Services	6.6	10.2	21.7	40.5	0.8%	1.0%	1.8%	2.5%	71.8%	54.5%	112.7%	86.4%

*Note: ^Data for Equitas is only MFI AUM; *gross overall AUM*
Source: ICRA Research

Overall, MFIs, SFBs and banks had an AUM of about ₹1,646 billion as on March 31, 2019. Spandana Sphoorty Financial is the fourth largest among MFIs and the sixth largest amongst MFIs and SFBs among over 50 players who serve the microfinance customers. Spandana's AUM growth was in line with the industry growth.

Market share based on disbursements

Trend in disbursements

Disbursements	**Mar-13**	**Mar-14**	**Mar-15**	**Mar-16**	**Mar-17**	**Mar-18**	**Mar-19**
MFIs, SFBs and Banks (₹ in billion)	158	237	376	558	653	596	829
MFIs, SFBs and Banks (₹ in billion)	234	351	546	1,031	1,250	1,551	1,857
Spandana Sphoorty Financial Limited (₹ in billion)	16	17	20	18	21	39	49
Disbursements Growth							
Growth (MFIs)	13%	50%	59%	48%	17%	-9%	39%
Growth (MFIs, SFBs and Banks)	13%	50%	55%	89%	21%	24%	20%
Growth (Spandana)..	10%	5%	19%	-10%	15%	87%	27%

Source: ICRA Research

Disbursement market share

	Disbursements (₹ in billion)				Market Share on Disbursements				Growth in disbursements				Disbursement per employee (₹ in million)			
Entity	**FY2016**	**FY2017**	**FY2018**	**FY2019**	**FY2016**	**FY2017**	**FY2018**	**FY2019**	**FY2016**	**FY2017**	**FY2018**	**FY2019**	**FY2016**	**FY2017**	**FY2018**	**FY2019**
Bharat Financial Inclusion Limited	120.9	146.7	184.7	267.0	11.7%	11.7%	11.9%	14.4%	75.8%	21.3%	25.9%	44.6%	10.1	9.9	11.5	13.9
Jana Small Finance Bank.................	115.2	89.9	25.2	61.4	11.2%	7.2%	1.6%	3.3%	179.4%	-22.0%	-72.0%	143.8%	12.2	5.4	NA	NA
Ujjivan Small Finance Bank....	66.2	71.3	80.5	110.9	6.4%	5.7%	5.2%	6.0%	52.9%	7.7%	12.9%	37.8%	8.2	7.0	7.2	7.5
Satin Credit Care Network	36.1	35.9	47.7	62.5	3.5%	2.9%	3.1%	3.4%	52.4%	-0.6%	32.9%	31.1%	9.2	6.2	6.2	6.0
CreditAccess Grameen...........	33.5	34.0	60.8	82.2	3.2%	2.7%	3.9%	4.4%	76.8%	1.5%	78.9%	35.2%	8.7	6.9	9.6	10.2

Spandana Sphoorty Financial..........	17.9	20.6	38.6	49.2	1.7%	1.6%	2.5%	2.6%	-9.5%	15.1%	87.4%	27.3%	6.5	6.7	9.5	7.6
Utkarsh Small Finance Bank....	16.3	16.6	36.3	NA	1.6%	1.3%	2.3%	NA	88.1%	1.8%	118.5%	NA	6.2	4.3	7.1	NA
Muthoot Microfin Limited............	7.7	20.3	30.4	NA	0.7%	1.6%	2.0%	NA	-59.6%	163.6%	49.8%	NA	6.3	5.1	5.2	NA
Asirvad Microfinance Limited............	11.5	21.1	28.8	NA	1.1%	1.7%	1.9%	NA	299.1%	83.5%	36.5%	NA	6.3	5.5	6.9	NA
Annapurna Finance Limited............	10.4	11.5	20.9	31.3	1.0%	0.9%	1.3%	1.7%	108.9%	10.6%	81.7%	49.9%	6.1	4.9	6.0	6.3

Note: Market share calculated based on overall Microfinance portfolio disbursements (MFIs, SFBs and Banks)
Source: MFIN Micrometer, ICRA Research

Spandana's growth in disbursements was higher than the industry aggregate growth in disbursements for the year ended 2019 which stood at about 20% (MFIs, SFBs and Banks).

Number of clients

Trend in client base

Period ending	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	CAGR
Client Base (in Million)								
Industry (MFI, SFBs & Banks)	18	21	28	40	45	50	55	
Spandana	1.1	1.2	1.1	1.1	1.1	1.6	2.4	
Growth rates								
Industry (MFI, SFBs & Banks)	10%	16%	33%	42%	12%	11%	10%	21%
Spandana	-14%	4%	-4%	0%	-4%	50%	51%	15%

Source: MFIN Micrometer, ICRA Research

Trend in number of clients

	Clients				Market Share				Client growth			
Entity	**Mar-16**	**Mar-17**	**Mar-18**	**Mar-19**	**Mar-16**	**Mar-17**	**Mar-18**	**Mar-19**	**Mar-16**	**Mar-17**	**Mar-18**	**Mar-19**
		(in millions)										
Bharat Financial Inclusion Limited	5.8	5.3	6.2	7.4	14.5%	11.8%	12.4%	13.4%	27.1%	-8.6%	17.0%	19.4%
Jana Small Finance Bank	4.6	5.9	NA	NA	11.5%	13.1%	NA	NA	97.4%	28.3%	NA	NA
Ujjivan Small Finance Bank	3.1	3.6	3.7	4.0	7.7%	8.0%	7.4%	7.3%	18.0%	16.1%	2.8%	8.6%
Satin Credit Care Network.......................	1.9	2.3	2.4	3.1	4.7%	5.1%	4.8%	5.6%	55.4%	21.1%	4.3%	29.2%
CreditAccess Grameen.............................	1.2	1.5	1.9	2.5	3.0%	3.3%	3.8%	4.5%	41.9%	25.0%	26.7%	31.6%
Spandana Sphoorty Financial....................	1.1	1.1	1.6	2.4	2.7%	2.4%	3.2%	4.4%	0.0%	0.0%	50.0%	51.0%
Utkarsh Small Finance Bank.....................	1	1.2	1.5	NA	2.5%	2.7%	3.0%	NA	65.6%	20.0%	25.0%	NA
Muthoot Microfin Limited	0.3	0.8	1.2	NA	0.7%	1.8%	2.4%	NA	-67.4%	166.7%	50.0%	NA
Asirvad Microfinance Limited	0.6	1.2	1.5	NA	1.5%	2.7%	3.0%	NA	121.1%	100.0%	25.0%	NA
Annapurna Finance Limited......................	0.6	0.9	1.2	1.5	1.5%	2.0%	2.4%	2.7%	85.3%	50.0%	33.3%	25.0%

Source: MFIN Micrometer, ICRA Research

The client base growth for Spandana was muted in the past from the year ended 2013 to the year ended 2017 due to funding constraints, leading to an inability to lend to the existing client base. This led to a decline in client base untill March 2017. Subsequently, with substantial equity infusion Spandana's client base grew at a faster rate. In the first half of the financial year2018, Spandana largely focused on meeting the credit needs of their existing client base whereas new client additions increased in the second half of the year ended 2018 and the year ended 2019.

Branch strength

Trend in branch and employee strength

	Branch Strength				Employee Strength			
Entity	**Mar-16**	**Mar-17**	**Mar-18**	**Mar-19**	**Mar-16**	**Mar-17**	**Mar-18**	**Mar-19**
Bharat Financial Inclusion Limited	1,324	1,399	1,567	1,717	11,991	14,755	16,021	19,241
Jana Small Finance Bank......................	341	519	NA	NA	9,441	16,788	NA	NA
Ujjivan Small Finance Bank.................	469	457	464	524	8,049	10,167	11,242	14,757
Satin Credit Care Network	431	618	995	977	3,918	5801	7,653	10,419
CreditAccess Grameen	298	393	516	670	3,835	4952	6,306	8,064
Spandana Sphoorty Financial	523	544	694	899	2,740	3067	4,045	6,500
Equitas Small Finance Bank.................	397	610	597	800	5,337	13,320	13,541	14,653
Utkarsh Small Finance Bank	321	351	405	NA	2,636	3,845	5,142	NA
Muthoot Microfin Limited...................	180	388	467	NA	1,211	4,017	5,822	NA
Asirvad Microfinance Limited	346	697	832	NA	1,810	3,861	4,168	NA
Annapurna Finance Limited	176	246	374	570	1,691	2,333	3,507	4,946

Source: MFIN Micrometer, Company presentations, ICRA Research

In terms of branch network, Spandana's branch network is the fourth largest among major MFIs and SFBs (as of March 31, 2018) signifying its extensive reach across the country.

Portfolio trends per branch, per client

Portfolio trends per branch and per client

	GLP per Branch (₹ million)			GLP per Client (₹ million)			GLP per Employee (₹ million)			GLP per LO (₹ million)		
Period ending	**Mar-17**	**Mar-18**	**Mar-19**	**Mar-17**	**Mar-18**	**Mar-19**	**Mar-17**	**Mar-18**	**Mar-19**	**Mar-17**	**Mar-18**	**Mar-19**
MFI	41	50	56	15,846	19,475	21,516	4.9	5.9	6.5	7.8	9.1	10.5
SFB	98	NA	NA	16,094	NA	NA	5.5	NA	NA	NA	NA	NA
MFI+SFB	56	NA	NA	16,031	NA	NA	5.2	NA	NA	NA	NA	NA
Bharat Financial Inclusion Limited[#]........................	65	80	94	17,186	20,352	23,502	6.2	7.9	8.1	9.4	11.7	13.8
Bharat Financial Inclusion (excludes trainee loan officers)[@]	72	88	100	17,199	20,347	23,502	6.5	8.2	9.0	10.6	12.9	14.3
Jana Small Finance Bank	242	NA	NA	21,309	NA	NA	7.5	NA	NA	9.9	NA	NA
Ujjivan Small Finance Bank	140	163	211	17,885	20,377	27,485	6.3	6.7	7.5	NA	NA	NA
Satin Credit Care Network.....................................	59	51	70	15,726	21,187	20,561	6.2	6.6	6.1	9.6	8.0	10.6
CreditAccess Grameen...	78	100	110	21,207	26,184	28,636	6.2	7.8	8.9	9.0	10.9	12.4
Spandana Sphoorty Financial.................................	24	46	47	12,236	19,912	17,768	4.2	7.8	6.6	6.5	11.5	9.4
Spandana Sphoorty Financial (excludes trainee loan officers)	24	46	47	12,236	19,912	17,768	4.7	9.1	8.0	7.8	14.4	12.5
Utkarsh Small Finance Bank..................................	46	70	NA	13,977	18,761	NA	4.2	5.5	NA	8.0	11.2^	NA
Muthoot Microfin Limited	51	63	NA	25,610	24,132	NA	4.9	5	NA	7.8	6.8	NA
Asirvad Microfinance Limited	26	29	NA	15,050	16,247	NA	4.6	5.8	NA	8.7	10.7	NA
Annapurna Finance Limited...................................	50	52	50	13,767	15,886	20,120	5.3	5.6	6.1	8.2	8.4	10.3

Notes: [^]pertains to December 2017, [#]Company investor presentations; [@]MFIN data
Source: ICRA Research; MFIN Micrometer

Being predominantly a rural player, the portfolio per branch for Spandana, which is in expansion phase, is lower than some of the larger peers. Overall loan outstanding per client for Spandana is lower than the industry loan outstanding per client.

Efficiency ratios

	Clients per Employee			Clients per Branch			Clients per LO		
Period Ending	**Mar-17**	**Mar-18**	**Mar-19**	**Mar-17**	**Mar-18**	**Mar-19**	**Mar-17**	**Mar-18**	**Mar-19**
MFI	300	302	302	2,537	2,555	2,593	489	466	488
SFB	340	NA	NA	6,088	NA	NA	NA	NA	NA
MFI+SFB	323	NA	NA	3,470	NA	NA	NA	NA	NA
Bharat Financial Inclusion Limited[#]	361	386	373	3,806	3,949		545	575	607
Bharat Financial Inclusion Limited (excludes trainee loan officers)[^]..............	378	402	385	4,205	4,315	4,311	615	633	607
Jana Small Finance Bank.	351	NA	NA	11,349	NA	NA	464	NA	NA
Ujjivan Small Finance Bank	351	330	272	7,805	7,996	7672	NA	NA	NA
Satin Credit Care Network	396	327	302	3,719	3,196	3,224	608	454	526
CreditAccess Grameen	293	294	306	3,690	3,588	3,686	425	407	428
Spandana Sphoorty Financial[^]	346	392	370	1,948	2,285	2,673	530	577	528
Spandana Sphoorty Financial (excludes trainee loan officers).......................	383	457	448	1,948	2,285	2,673	629	721	703
Utkarsh Small Finance Bank	300	295	NA	3,290	3,748	NA	571	666[@]	NA
Muthoot Microfin Limited	191	208	NA	1,973	2,591	NA	304	284	NA
Asirvad Microfinance Limited	309	360	NA	1,712	1,805	NA	580	660	NA
Annapurna Finance Limited	386	352	305	3,657	3,298	2,643	593	531	512

Notes: [*]Grameen data pertains to September 2017; [@]pertains to December 2017; [^]MFIN data; [#]Investor presentation
Source: MFIN Micrometer, ICRA Research

Overall efficiency ratios in terms of clients per employee are in line with peers. There is scope for growth in clients handled per branch.

Geographical diversification

Geographical presence

Company Name	No of States			No of districts			Top state concentration
	Mar-17	Mar-18	Mar-19	Mar-17	Mar-18	Mar-19	Mar-18
Bharat Financial Inclusion Limited	16	16	20	322	342	381	16% - Odisha
Jana Small Finance Bank..............	20	NA	NA	233	NA	NA	NA
Ujjivan Small Finance Bank.........	24	24	24	209	209	221	15% - TN (Dec'17)
Satin Credit Care Network	16	18	22	235	302	340	30% - UP
CreditAccess Grameen	5	9	9	96	132	157	59% - Kar (Sep-17)
Spandana Sphoorty Financial	13	15	17	192	222	263	22% - Kar
Equitas Small Finance Bank.........	13	14	14	NA	NA	NA	NA
Utkarsh Small Finance Bank	10	10	NA	110	110	NA	41% - UP (Dec-17)
Muthoot Microfin Limited............	11	15	NA	133	168	NA	NA
Asirvad Microfinance Limited	17	20	NA	233	245	NA	36% - TN (Sep-17)
Annapurna Finance Limited	10	14	16	129	174	232	47% - Odisha

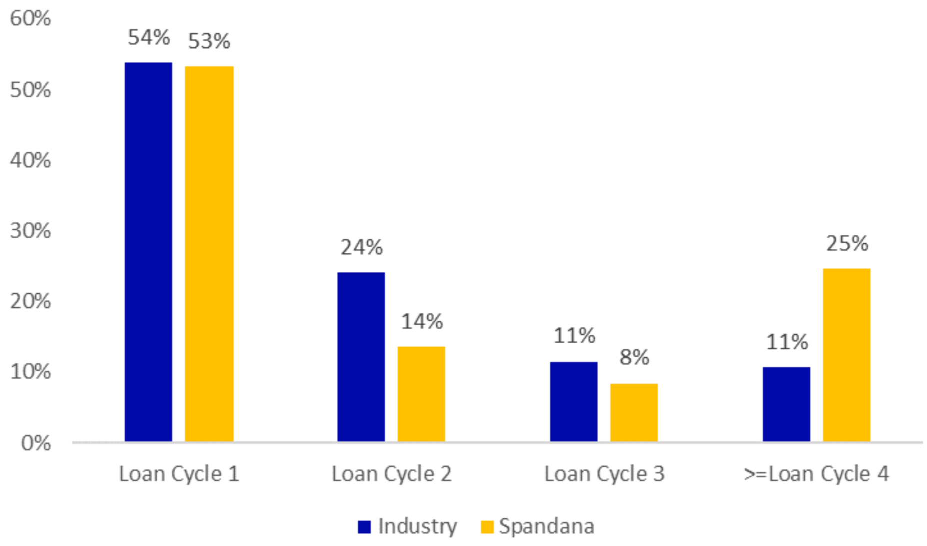
Notes: ^pertains to December 2017
Source: MFIN Micrometer, Company presentations, ICRA Research

Spandana is well diversified geographically in terms of spread; covering more than 250 districts. Demonetization highlighted the need for geographical diversification at both state and district levels, to reduce the adverse impact of local issues and events on an MFI's overall asset quality. Entities with concentrated operations in certain districts of Western Uttar Pradesh, parts of Madhya Pradesh, the Vidarbha region of Maharashtra and north Karnataka faced a sharper dip in asset quality. Earlier as well, asset quality was similarly impacted by local events like Kolar and neighbouring areas in Karnataka impacted by communal issues in March 2009; Chennai, Cuddalore, Villupuram and surrounding areas in Tamil Nadu in Dec 2015 owing to cyclone and subsequent floods; and Nanded and neighbouring areas in Maharashtra owing to political interference.

As per data collated by ICRA Research, NBFC-MFIs and SFBs together were present in around 600 districts as on December 31, 2018. The share of the top 5 districts (Bangalore, followed by Mysore, Muzaffarpur, Chennai and Pune) reduced to 6% as on December 31, 2018 from 10% as on March 31, 2017. This could be attributed to the focused efforts of the entities to achieve geographical diversification in their portfolio, which was emphasised again in the months following demonetisation. Nevertheless, only a few MFIsare diversified at the district level.

Comparison on key portfolio characteristics for Spandana Sphoorty Financial *vis-a-vis* the industry

Loan Cycle wise break-up of portfolio as on December 31, 2018

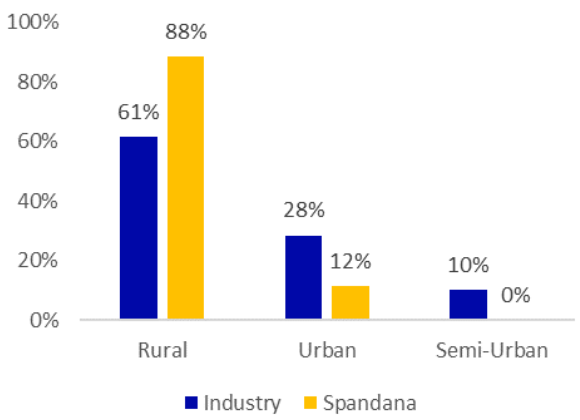


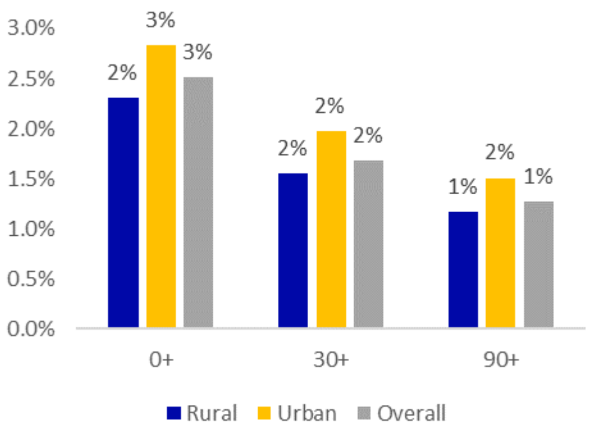
Source: ICRA Research

Owing to Spandana's track record of over 10 years, its portfolio vintage is better than industry, with over 25% of the portfolio in the fourth cycle. However, the share of portfolio in the first cycle has increased with new customer additions.

Higher rural focus

Urban/Rural split of portfolio *Portfolio performance across Rural/Urban areas*

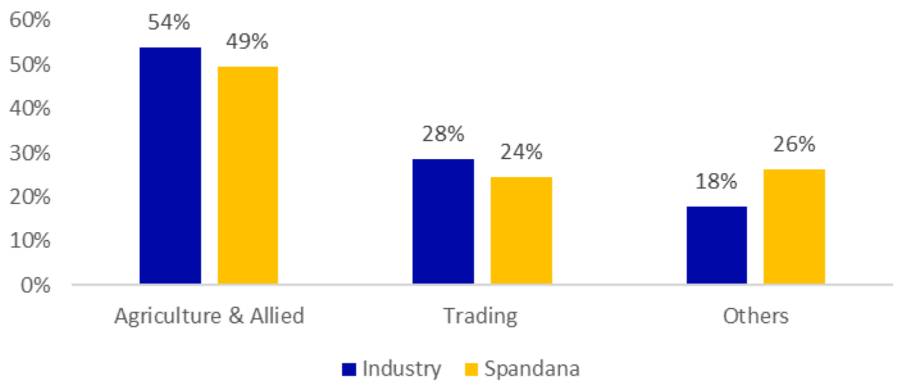




Note: Portfolio performance data 33 NBFC-MFIs with a portfolio of ₹784 billion as on December 31, 2018
Source: ICRA Research

As of December 31, 2018, the share of the portfolio in urban (and semi-urban) areas was 39%. Exposure of MFIs to urban areas is on the rise owing to better connectivity, higher population density. However, trends indicate that delinquencies in the urban portfolios of NBFC-MFIs are higher than the delinquencies *vis-a-vis* rural areas, and therefore rural portfolios exhibited stronger performance *vis-a-vis* urban portfolios. Spandana's share of portfolio in rural areas is higher than the industry average.

Activity wise break-up of portfolio based on AUM as on December 31, 2018

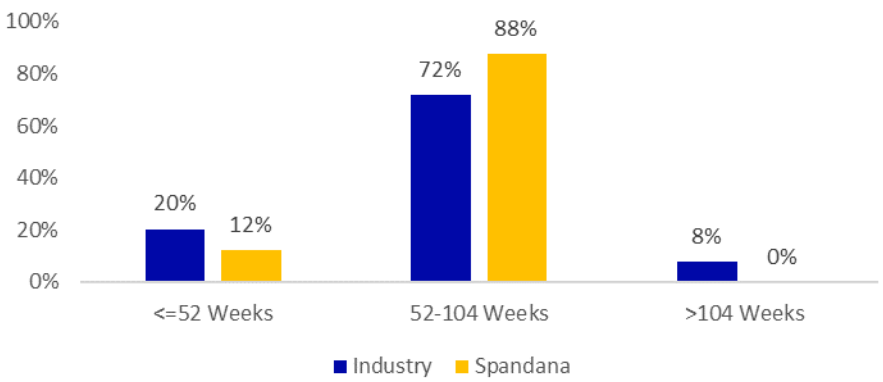


Source: ICRA Research

Shares of agriculture and allied activities for Spandana was lower than that of the industry.

Most of the portfolio is in 1-2 year tenure

Tenure wise break-up of portfolio vis-a-vis industry as on December 31, 2018

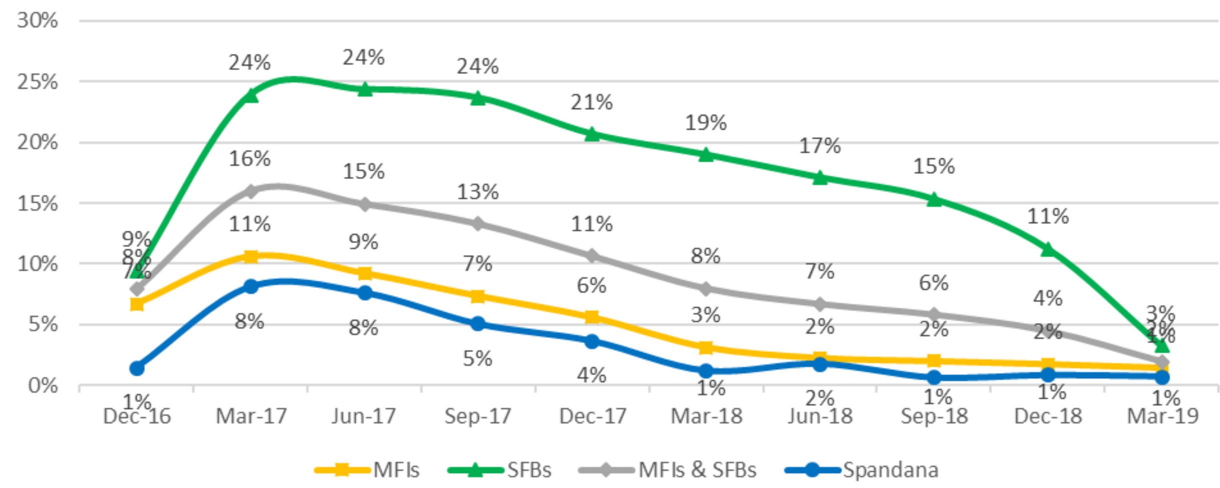


Source: MFIN Micrometer, ICRA Research

Average portfolio outstanding per client for Spandana were lower than peers as of December 31, 2018 while the share of portfolio at tenure > 1 year is higher than that of the industry.

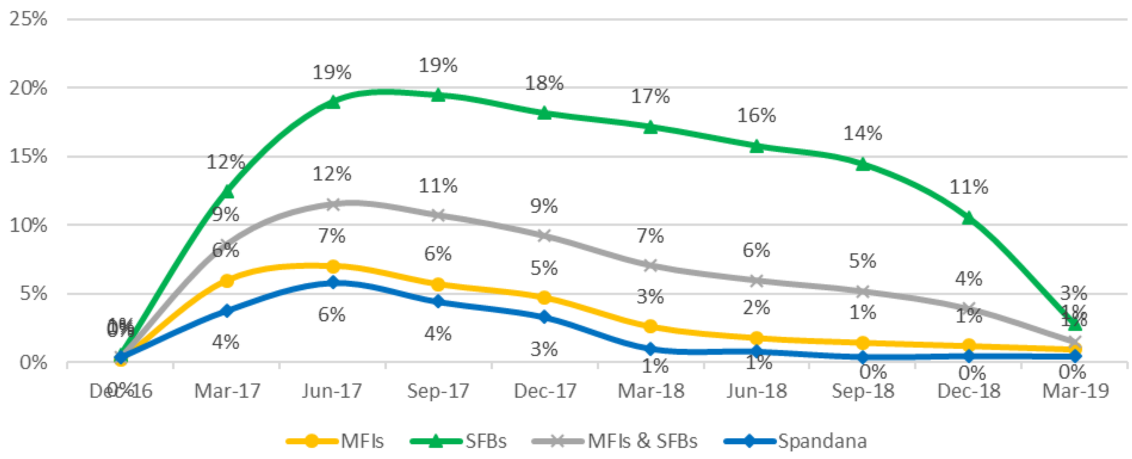
Comparison on asset quality

Trends in 30 dpd delinquencies



Source: ICRA Research

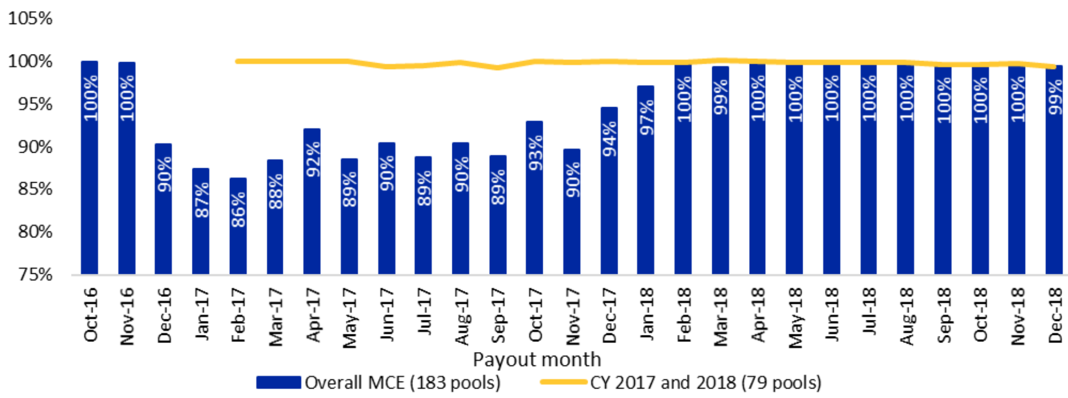
Trends in 90 dpd delinquencies



Source: ICRA Research

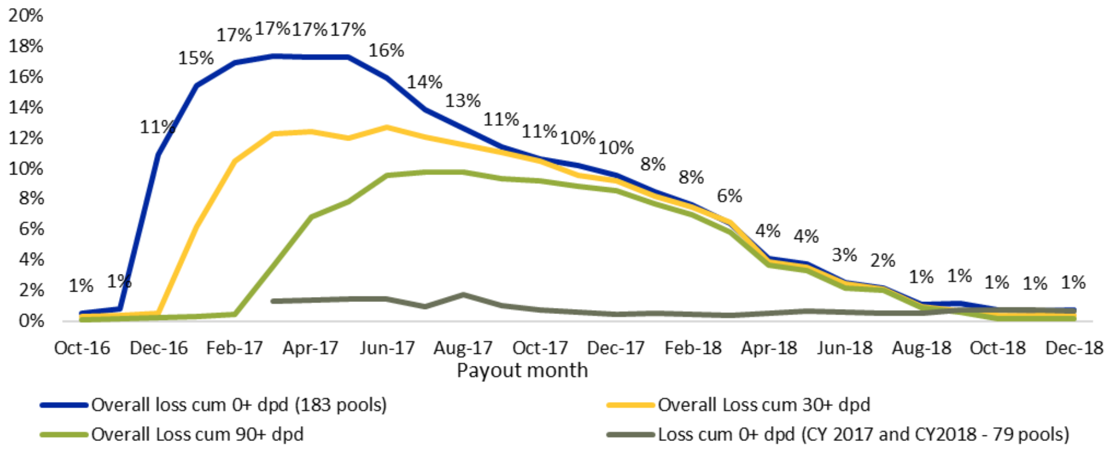
Good collection efficiencies of the loans disbursed post-demonetization has led to improvement in softer bucket delinquency trends for the sector (MFIs and SFBs). There has been a reduction in harder bucket delinquencies as well, due to increased portfolio growth, write-offs by some players and top-up loans offered by few MFIs – the 90+ dpd percentage declined from 12.2% as on June 2017 to 1.0% as on December 2018. The trend in 30+ and 90+ delinquencies have been improving. Spandana's performance has been superior to that of the industry, supported by higher rural focus, lower share of portfolio in affected districts and a geographically diversified portfolio. An analysis of the portfolio performance of the pools generated pre and post demonetization reflects better collection efficiencies and asset quality.

Comparison of collection efficiencies in pools generated pre and post demonetization



Source: ICRA Research

Comparison of 0+ dpd in pools generated pre and post demonetization



Source: ICRA Research

The 0+ delinquencies increased sharply in the months ensuing demonetization, as can be noted above. However, the same has shown an improving trend since May 2017. On the other hand, the pools generated post-demonetization have demonstrated better asset quality with significantly lower 0+ delinquencies.

Profitability metrics of the microfinance sector

Profitability metrics of the microfinance sector

Company	Year	Operating Expenses/AMA	Operating Profit/AMA	Provisions/AMA	PBT/AMA	PAT/AMA	PAT/ Average Net Worth	Debt/Equity	Cost to Income	GNPA	NNPA	AUM 3-yr CAGR
Bharat Financial Inclusion Limited												
	FY2017	5.0%	3.9%	3.2%	1.7%	2.6%	15.1%	2.9	50.2%	6.0%	2.7%	31%
	FY2018	5.0%	3.9%	1.7%	3.2%	3.2%	16.4%	2.6	50.5%	2.4%	0.1%	31%
	FY2019	5.0%	2.5%	0.3%	7.3%	5.6%	26.7%	1.1	54.1%	0.8%	0.2%	31%
Jana Small Finance Bank												
	FY2017	8.2%	3.8%	2.1%	1.8%	1.2%	9.4%	5.0	68.1%	0.7%	0.6%	-17%
	FY2018	11.2%	-7.9%	10.7%	-18.6%	-19.4%	-127.6%	5.0	336.0%	42.2%	27.7%	-17%
	FY2019	11.4%	-5.8%	13.8%	-19.6%	-19.6%	-177.0%	12.3	204.0%	8.1%	4.4%	-17%
Ujjivan Small Finance Bank (Consolidated Ujjivan Financial Services Limited)												
	FY2017	6.1%	4.9%	1.0%	4.3%	2.8%	14.1%	3.7	55.1%	0.3%	0.0%	27%
	FY2018	7.0%	3.4%	3.3%	0.1%	0.1%	0.4%	4.3	67.0%	3.6%	0.7%	27%
	FY2019	8.6%	2.3%	0.6%	1.7%	1.3%	8.3%	6.4	79.0%	0.9%	0.3%	27%
Satin Credit Care Network												
	FY2017	5.4%	-0.7%	1.1%	0.8%	0.5%	5.1%	6.1	77.6%	14.4%	12.8%	25%
	FY2018	4.7%	2.0%	3.7%	0.1%	0.1%	0.5%	4.3	57.6%	4.4%	2.6%	25%
	FY2019	4.9%	2.9%	0.7%	4.0%	2.6%	18.2%	4.5	62.7%	3.9%	2.4%	25%
CreditAccess Grameen												
	FY2017	5.0%	6.9%	3.4%	3.6%	2.3%	13.1%	3.9	42.0%	0.1%	0.0%	41%
	FY2018	4.7%	7.2%	-0.3%	7.6%	4.9%	20.0%	2.5	39.5%	0.8%	0.0%	41%
	FY2019	4.5%	8.0%	1.2%	7.7%	5.0%	16.9%	2.1	36.3%	0.6%	0.0%	41%

Company	Year	Operating Expenses/AMA	Operating Profit/AMA	Provisions/AMA	PBT/AMA	PAT/AMA	PAT/ Average Net Worth	Debt/Equity	Cost to Income	GNPA	NNPA	AUM 3-yr CAGR
Spandana Sphoorty Financial												
	FY2017	4.2%	3.3%	-0.1%	3.4%	2.3%	-152.0%	1.8	56.1%	42.1%	2.9%	52%
	FY2018	3.2%	7.9%	1.0%	6.9%	5.1%	22.6%	1.6	28.7%	25.9%	0.3%	52%
	FY2019	3.4%	10.2%	0.8%	9.3%	6.1%	18.8%	1.6	25.0%	7.9%	0.0%	52%
Utkarsh Small Finance Bank												
	FY2016	5.1%	5.0%	0.6%	4.3%	2.6%	15.8%	4.9	50.7%	0.2%	0.1%	57%*
	FY2017	6.2%	4.6%	2.2%	2.4%	1.5%	7.4%	2.9	57.4%	0.0%^	0.0%^	57%*
	FY2018	6.5%	2.2%	4.6%	-2.5%	-1.7%	-8.5%	4.8	74.8%	1.9%	1.1%	57%*
Muthoot Microfin Limited												
	FY2017	6.7%	4.2%	0.4%	3.8%	2.5%	28.7%	6.0	61.2%	0.3%	0.3%	22%*
	FY2018	3.2%	2.2%	0.0%	2.2%	1.4%	15.9%	5.7	59.7%	3.4%	2.0%	22%*
	FY2019	5.1%	3.0%	0.7%	6.7%	5.0%	26.8%	2.8	63.1%	NA	NA	22%*
Asirvad Microfinance Limited												
	FY2017	6.5%	6.4%	3.2%	3.3%	2.1%	13.9%	6.1	50.4%	4.6%	1.4%	92%*
	FY2018	6.0%	3.4%	6.4%	-2.1%	-1.3%	-11.7%	7.3	58.1%	2.3%	0.2%	92%*
	FY2019	5.0%	6.1%	0.5%	5.5%	3.6%	25.0%	2.9	45.2%	0.5%	0.0%	92%*
Annapurna Finance Limited												
	FY2016	4.9%	3.3%	0.5%	3.2%	2.0%	17.7%	7.4	59.7%	0.1%	0.0%	48%
	FY2017	4.8%	1.9%	0.6%	1.9%	1.3%	13.1%	7.8	72.1%	0.2%	0.0%	48%
	FY2018	5.1%	1.1%	2.3%	0.7%	0.5%	4.6%	7.0	66.4%	3.7%	0.3%	48%
Equitas Small Finance Bank												
	FY2017	8.5%	3.3%	1.0%	2.5%	1.6%	7.6%	3.3	72.4%	3.5%	1.5%	-3%
	FY2018	7.8%	2.0%	1.5%	0.4%	0.3%	1.6%	5.3	80.0%	2.8%	1.7%	-3%
	FY2019	6.9%	2.9%	0.7%	2.1%	1.4%	9.8%	5.8	70.3%	2.5%	1.6%	-3%
Select NBFCs												
MAS.............	FY2017	2.0%	4.2%	0.9%	3.3%	2.2%	22.3%	4.0	31.8%	1.1%	1.0%	27%
	FY2018	1.8%	5.3%	2.2%	4.1%	2.7%	19.0%	2.5	25.9%	1.2%	0.9%	27%
	FY2019	1.6%	5.3%	1.0%	4.3%	2.8%	18.0%	3.0	21.6%	1.4%	1.1%	27%
SCUF	FY2017	4.8%	7.5%	3.8%	3.5%	2.4%	11.7%	3.5	36.2%	6.7%	1.8%	15%
	FY2018	5.1%	7.7%	3.9%	3.8%	2.5%	12.6%	3.9	39.7%	9.0%	3.4%	15%
	FY2019	4.9%	7.8%	2.5%	5.4%	3.5%	16.6%	3.6	35.8%	8.7%	2.7%	15%
Chola............	FY2017	2.4%	4.1%	0.9%	3.2%	2.1%	18.0%	5.6	37.3%	4.7%	3.2%	22%
	FY2018	2.5%	4.4%	0.8%	3.6%	2.4%	20.8%	6.2	36.0%	2.9%	1.7%	22%
	FY2019	2.4%	4.5%	0.6%	3.5%	2.3%	21.0%	8.2	38.3%	2.3%	1.1%	22%

*Notes: considering RBI dispensation; * 3-year CAGR as on March 31, 2018*
[*] Please note that AMA referred to in this table for our Company corresponds to Gross AUM (including the old AP Portfolio) and consequently, the various AMA-related ratios have been calculated by ICRA Research to take into account our Gross AUM (including the old AP Portfolio). Accordingly, these ratios may differ from similarly titled ratios presented elsewhere in this Draft Red Herring Prospectus (for instance, in the "Selected Statistical Information", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" chapters).
Source: ICRA Research

MFIs have largely reported resilient earnings after the implementation of the Malegam committee guidelines, and with steady moderation in operating expense ratios and credit costs maintained below 1%. In the year ended 2017 and the year ended 2018, the credit costs increased because of the impacts of demonetisation, which affected profitability indicators of the sector. Further, most of the SFBs have been in transition mode for setting up of branches, investing in expansion of teams and information technology systems, all of which have led to an increase in operating expense ratios for SFBs.

Trends in profitability

Spandana	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
NIM/AMA...	9.1%	7.4%	8.2%	9.6%	7.2%	10.6%	12.9%
Other Income /AMA..................................	0.0%	0.2%	0.2%	0.2%	0.2%	0.3%	0.6%
Operating Expenses /AMA........................	4.2%	4.2%	4.5%	3.9%	4.2%	3.2%	3.4%
Operating Profit/AMA...............................	5.2%	3.5%	3.9%	5.9%	3.3%	7.9%	10.2%
Provisions/AMA..	48.2%	0.7%	-0.7%	-5.0%	-0.1%	1.0%	0.8%
PBT/AMA...	-43.0%	2.8%	4.7%	10.9%	3.4%	6.9%	9.3%
Tax/AMA...	0.0%	0.0%	0.0%	0.0%	1.0%	1.7%	3.2%
Profit after tax (₹ billion)...........................	-11.6	0.6	1.1	2.4	0.5	1.7	3.1
PAT/AMA...	-43.0%	2.8%	4.6%	10.9%	2.3%	5.1%	6.1%
PAT/Average Net Worth...........................	314.4%	-6.9%*	-12.0%*	-33.5%*	-152.0%*	22.6%	18.8%

Notes: Although Spandana reported profit in these years, ROE was impacted by negative net worth. FY2019 ratios are based on Ind AS financial statements
Source: ICRA Research

Spandana's profitability indicators were impacted in the past because of high credit costs post the AP Crisis and consequent erosion in net worth of the company. However, the company has been profitable FY2014 onwards though ROEs have been negative owing to negative net worth of the company till FY2017. Spandana's operating expense ratios are better than the industry numbers. Further, credits costs post demonetization for Spandana has been superior to industry average.

Comparison of operating expenses break-down year ended 2018

Opex	Spandana	Bharat	CreditAccess	Satin	Muthoot

	Sphoorty	Financial	Grameen	Creditcare	Microfin
Employee Expenses	75.9	526.4	127.2	220.5	103.5
Depreciation and Amortization (D&A)	5.7	13.2	5.2	14.7	1.8
Other Expense	26.2	162.1	67.3	81.1	51.5
Total Operating Expenses	**107.9**	**701.8**	**199.7**	**316.3**	**156.8**
Employee Expenses as % of Average AUM	3.4%	4.8%	3.2%	4.5%	4.2%
D&A as % of Average AUM	0.3%	0.1%	0.1%	0.3%	0.1%
Other Expense as % of Average AUM	1.2%	1.5%	1.7%	1.7%	2.1%
Total Operating Expenses as % of Average AUM	4.8%	6.5%	5.0%	6.4%	6.4%

Source: ICRA Research;

Historical industry profitability indicators

Period Ending	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
MFIs and SFBs						
NIM/AMA...	9.5%	9.2%	9.5%	9.4%	7.6%	8.7%
Other Income /AMA..................................	0.4%	0.6%	0.8%	0.9%	1.1%	1.0%
Operating Expenses /AMA.........................	6.4%	6.1%	5.9%	6.5%	6.7%	6.3%
Operating Profit/AMA...............................	3.5%	3.7%	4.4%	3.9%	2.1%	3.4%
Provisions/AMA..	0.4%	0.3%	0.2%	1.7%	3.6%	1.9%
PBT/AMA	3.2%	3.5%	4.2%	2.3%	-1.4%	2.4%
Tax/AMA	0.8%	0.8%	1.2%	0.5%	0.4%	1.2%
PAT/AMA...	2.4%	2.7%	3.0%	1.8%	-1.7%	1.2%
PAT/Net Worth	28.9%	22.3%	24.7%	11.6%	-10.3%	7.2%
MFIs						
NIM/AMA...	8.4%	8.7%	8.9%	8.8%	9.0%	9.1%
Other Income /AMA..................................	0.9%	1.4%	0.7%	0.7%	0.7%	0.9%
Operating Expenses /AMA.........................	5.9%	5.7%	5.2%	5.6%	5.2%	5.2%
Operating Profit/AMA...............................	1.9%	2.5%	4.3%	3.9%	4.4%	4.9%
Provisions/AMA..	0.3%	0.0%	-0.1%	1.9%	2.2%	0.8%
PBT/AMA	2.5%	3.5%	4.5%	2.2%	2.4%	5.5%
Tax/AMA	0.4%	0.6%	1.0%	0.3%	0.5%	1.6%
PAT/AMA...	2.2%	3.0%	3.4%	1.9%	1.9%	3.8%
PAT/ Average Net Worth	62.5%	40.1%	35.7%	14.1%	11.4%	21.2%
SFB licensees						
NIM/AMA...	10.7%	10.1%	10.2%	10.1%	5.8%	8.0%
Other Income /AMA..................................	0.6%	0.6%	1.0%	1.3%	1.7%	1.1%
Operating Expenses /AMA.........................	7.3%	6.7%	6.8%	7.6%	8.5%	7.9%
Operating Profit/AMA...............................	4.1%	4.0%	4.4%	3.8%	-0.9%	1.2%
Provisions/AMA..	0.3%	0.6%	0.6%	1.5%	5.4%	3.5%
PBT/AMA	4.2%	3.5%	3.8%	2.5%	-6.1%	-2.3%
Tax/AMA	1.2%	1.1%	1.3%	0.8%	0.2%	0.5%
PAT/AMA...	3.0%	2.4%	2.5%	1.6%	-6.3%	-2.8%
PAT/ Average Net Worth	15.8%	13.3%	16.1%	9.4%	-35.4%	-19.1%

Source: ICRA Research

To obtain a complete understanding of our business, prospective investors should read this chapter in conjunction with "Risk Factors", "Industry Overview", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 18, 100, 202 and 371, respectively, as well as the financial, statistical and other information contained in this Prospectus. Some of the information in the following chapter, especially information with respect to our strategies, includes certain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 17 for a discussion of the risks and uncertainties related to those statements, and also "Risk Factors" on page 18 for a discussion of certain risks that may affect our business, financial condition, or results of operations. Our actual results may differ materially from those expressed in, or implied by, forward-looking statements.

The industry data in this chapter has been extracted from the report dated July 9, 2019, titled "Indian Microfinance Sector", prepared by ICRA Research. Neither we, nor the GCBRLMs and the BRLMs, nor any other person connected with the Offer has independently verified this information. See "Risk Factors – Third-party industry and industry-related statistical data and peer comparison and benchmarking of our Company with major microfinance players presented in this Prospectus may be incomplete" on page 23 and "Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation - Industry and Market Data" on page 14.

For Fiscals 2015, 2016 and 2017, we did not have any subsidiaries and hence our financial statements have been prepared on a standalone basis only. Our subsidiary CFSL was incorporated in October 2017 and we acquired our subsidiary CFL in December 2018. We have prepared both standalone and consolidated financial statements for Fiscals 2018 and 2019. Unless otherwise stated, all financial information for Fiscals 2015, 2016 and 2017 in this section is provided on a standalone basis and all financial information for Fiscals 2018 and 2019 is provided on a consolidated basis.

Our Financial Year ends on March 31 of each year, and references to a particular Financial Year are to the twelve-month period ended March 31 of that year. Unless otherwise stated, or the context otherwise requires, the financial information used in this chapter is derived from our Restated Financial Information included on page 202.

Overview

We are a leading, rural focused NBFC-MFI with a geographically diversified presence in India. We offer income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas. As of March 31, 2019, we were the fourth largest NBFC-MFI and the sixth largest amongst NBFC-MFIs and SFBs in India, in terms of AUM (*Source: ICRA Research; see "Industry Overview – Competitive Benchmarking"* on page 119). Further, according to ICRA Research, our operating expense to AMA ratio was better than the industry as a whole for Fiscal 2019.

Through our extensive corporate history, we have developed an in-depth understanding of the borrowing requirements of the low-income client segment. Our business model involves regular client meeting processes through our employees, who maintain contact with our clients across the districts that we cover. As of June 30, 2019, we had 7,062 employees (including 5,051 credit assistants) operating out of 929 branches in 269 districts across 16 states and 1 union territory in India. Through our loan products and client-centric approach, we endeavour to strengthen the socio-economic well-being of low-income households by providing financing on a sustainable basis in order to improve livelihoods, establish identity and enhance self-esteem.

We were incorporated as a public company in 2003 and registered as an NBFC with the RBI in 2004. Subsequently, we registered as an NBFC-MFI in 2015. Between the years 2005 to 2010, we grew our micro-finance operations and, as of March 2010, we were the second largest MFI in terms of AUM (*Source: ICRA Research*).

In October 2010, the MFI industry (including us) was severely impacted due to external regulatory action, as the government of the formerly unified Andhra Pradesh promulgated the AP Microfinance Ordinance 2010, which enforced several restrictions on the operations of MFIs (for details, see "*Industry Overview – Historical Growth and Development of the Microfinance Industry – Andhra Pradesh (AP) Ordinance (2010)*"). This severely impacted our collections and the consequent cash-flow shortage impacted our ability to service our debt, which in turn impaired our growth and profitability. Our lenders referred us to the CDR mechanism of the RBI to develop a plan to restructure our borrowings and revive our business. We agreed on a CDR plan with our lenders, which allowed us to get cash-flow relaxations to enable us to continue our efforts towards portfolio diversification, process improvement and cost rationalization. These measures helped us turn our operations profitable from the year ended March 31, 2014.

Further during the time that we were under CDR, we deployed efforts to recover dues in AP, such as continuing to keep our branches open and continuing to engage with borrowers. Our operations turned profitable in the year ended March 31, 2014 and we went on to make profits for four consecutive years while operating under the CDR mechanism. Our restated standalone profit after tax (under Previous Indian GAAP) was ₹1,050.99 million and ₹2,432.35 million for Fiscals 2015 and 2016. Our restated standalone profit for the period (under Ind AS) was ₹4,434.14 million, for Fiscal 2017, and our restated consolidated profit for the period (under Ind AS) for Fiscals 2018 and 2019 was ₹1,879.46 million and ₹3,119.00 million. As a result of our collections from the old AP portfolio and the profits generated from our operations in other states, we were able to restructure our outstanding debt as well as raise refinancing debt from our existing CDR lenders. We also received capital infusion from

Kangchenjunga, our Corporate Promoter, and Kedaara AIF – 1, which enabled us to exit from CDR mechanism successfully in March 2017 with approvals from the RBI and our lenders. ICRA Research notes that we were one of only two major companies that were able to successfully exit from CDR.

Post our exit from CDR in March 2017, we increased our lender base, diversified our borrowings to new banks and NBFCs and also issued NCDs in the capital markets (leading to a reduction in Average Effective Cost of Borrowing from 16.31% for Fiscal 2017 to 14.74% for Fiscal 2018 and further to 12.84% for Fiscal 2019). As a result, during Fiscal 2018, with increasing flow of capital, we expanded our operations and were able to effectively utilize our existing branch network and employees (that were earlier underutilized due to lack of capital). Prior to our exit from CDR in 2017, we had limited access to capital, due to which we were able to offer loans in lower ticket sizes than the demand from our clients. According to ICRA Research, we had the lowest portfolio per branch amongst peer comparison of major NBFC-MFIs and SFBs, as of March 31, 2017. Post exit from CDR, we were able to optimize the ticket sizes and also acquire new clients at existing and new branches. This helped us grow our Gross AUM in Fiscal 2018 at one of the highest rates (143.8%) among large NBFC-MFIs in India (*Source: ICRA Research; see "Industry Overview – Competitive Benchmarking"* on page 119). Over Fiscals 2018 and 2019, our Disbursements increased by 87.34% and 28.82% (from ₹20,591.65 million as of March 31, 2017 to ₹38,576.48 million as of March 31, 2018 and to ₹49,692.83 million as of March 31, 2019) and our standalone Gross AUM was ₹13,015.36 million as of March 31, 2017 and our consolidated Gross AUM grew from ₹31,667.85 million as of March 31, 2018 and to ₹44,372.78 million as of March 31, 2019. For further details, please see "*Selected Statistical Information*" on page 193.

The following table sets forth our key financial and operational metrics as of or for the periods indicated:

	As of / For the		
	Year ended March 31, 2019 (consolidated)	**Year ended March 31, 2018 (consolidated)**	**Year ended March 31, 2017 (standalone)**
	(₹ in millions, except percentages and number of borrowers)		
Gross AUM[(1)]	44,372.78	31,667.85	13,015.36
Gross AUM Growth (%)[(2)]	40.12%	143.31%	6.78%
Disbursements[(3)]	49,692.83	38,576.48	20,591.65
Disbursement Growth[(4)]	28.82%	87.34%	14.83%
Borrowers (millions) [(5)]	2.46	1.59	1.06
Total Income[(6)]	10,485.29	5,875.31	3,786.66
Operating Expense / Annual Average Gross AUM[(7)]	4.52%	4.85%	7.61%
Cost to Income Ratio[(8)]	24.89%	30.49%	41.78%
Impairment of financial instruments / Annual Average Gross AUM[(9)]	1.19%	-1.58%	7.81%
Profit before tax[(10)]	4,734.72	2,827.01	455.86
Profit for the period[(11)]	3,119.00	1,879.46	4,434.14
Stage III PAR 90+ (excluding the old AP Portfolio)[(12)]	43.11	719.35	892.56
Stage III PAR 90+ (excluding the old AP Portfolio) Ratio[(13)]	0.10%	2.27%	6.86%
Stage III PAR 90+ Net (excluding the old AP Portfolio)[(14)]	6.11	117.45	87.21
Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio [(15)]	0.01%	0.38%	0.71%
Collection Efficiency[(16)]	99.74%	99.25%	97.13%
Return on Annual Average Gross AUM Portfolio [(17)]	8.20%	8.41%	35.21%
Return on Annual Average Net Worth [(18)]	19.02%	16.21%	79.77%
Net Worth[(19)]	18,894.36	13,906.36	9,275.69

Figures disclosed in the above table, except "Total Revenue", "Profit before Tax" and "Profit after Tax" are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

Notes:

For Fiscal 2017, we did not have any subsidiaries. Accordingly, our financial statements for Fiscal 2017 are prepared on a standalone basis only. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations – Introductory Note Regarding Financial Information Presented in this Chapter" on page 372 of this Prospectus.

(1) Gross AUM represents the total portfolio loans outstanding (gross i.e. without netting-off the related provisioning) held by us as well as the outstanding of loan portfolio which have been assigned by us by way of assignment as at the end of the relevant year, excluding loan portfolio originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012.
(2) Gross AUM Growth represents percentage growth in Gross AUM for the relevant year over Gross AUM of the previous year.
(3) Disbursements represent the aggregate of all loan amounts extended to our clients in the relevant year.
(4) Disbursement Growth represents percentage growth in disbursement for the relevant year over disbursement of the previous year.
(5) Borrowers represents the number of customers who have active loan accounts with us as at the end of the relevant year.
(6) Total Income represents our restated total income for the year.

(7) Operating Expense represents employee benefits expenses, depreciation and amortization expenses and other expenses. Annual Average Gross AUM is the simple average of our Gross AUM as of the last day of the relevant year and our Gross AUM as of the last day of the previous year.
(8) Cost to Income Ratio represents the sum of employee benefits expenses, other expenses, and depreciation and amortization expenses as a percentage of Total Income plus our restated Other Income minus Finance Costs.
(9) Impairment on financial instruments represents our restated impairment on financial instruments.
(10) Profit before tax represents our restated profit before tax.
(11) Profit for the period represents our restated profit for the period.
(12) Stage III PAR 90+ (excluding the old AP Portfolio) represents total loan outstanding that are overdue for 90 days or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio), as of the last day of the relevant year, excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012.
(13) Stage III PAR 90+ (excluding the old AP Portfolio) Ratio represents "Stage III PAR 90+ (excluding the old AP Portfolio)" (as defined above) as a percentage of Gross AUM as at the date mentioned.
(14) Stage III PAR 90+ Net (excluding the old AP Portfolio) represents the total loan outstanding that are overdue for 90 days or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio), as of the last day of the relevant year, excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012, as reduced by the provision for such loans (excluding provision for loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012).
(15) Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio represents "Stage III PAR 90+ Net (excluding the old AP Portfolio)" (as defined above) as a percentage of Gross AUM (net of provision for such PAR 90+ loans) as at the date mentioned.
(16) Collection Efficiency represents the ratio of our collections (including overdue collections) for the year to billings for the year.
(17) Return on Annual Average Gross AUM is calculated as our Profit for the period for the relevant year as a percentage of our Annual Average Gross AUM in such year.
(18) Return on Annual Average Net Worth is calculated as our Profit for the period for the relevant year as a percentage of our Annual Average Net Worth in such year.
(19) Net Worth represents our restated net worth as of the last day of the relevant year.

Competitive Strengths

- ***Seasoned business model with resilient performance through business cycles***

Through various business cycles, we have been able to leverage the inherent strength of our client centric business model, focus on internal controls, the expertise of our Individual Promoter and core management team to maintain our status as a leading NBFC-MFI. Our response to the 2010 AP crisis demonstrated the strength of our decision making, planning and execution. In the aftermath of the 2010 AP crisis, even while we were under CDR, we continued operations outside Andhra Pradesh in various states. In this period, we focused on rebuilding profitable operations through portfolio diversification, cost rationalization, customer retention, and recovery from our Andhra Pradesh portfolio. These measures helped us to raise new debt from existing lenders and gain capital infusion from Kangchenjunga, our Corporate Promoter and Kedaara AIF 1, which allowed us to exit from CDR in March 2017. According to ICRA Research, we are one of the only two major MFIs to successfully exit from CDR post AP crisis.

Further, in November 2016, the Indian government announced the demonetization of currency notes of ₹500 and ₹1,000 denominations. ICRA Research notes that in the aftermath of demonetization, inadequate currency supply, political interference in some states and disruption in borrower cash flows led to a sharp dip in the collection efficiencies of MFIs (from over 98% prior to demonetization to approximately 75-80% in November and December 2016). During the months following the demonetization notification, we adopted practices that allowed borrowers to repay a portion of their instalments and also supported them with interim loans. We also conducted meetings with clients, encouraging them to continue attending center meetings. These practices allowed us to manage the situation and maintain industry leading portfolio quality. Our Collection Efficiency for Fiscal 2017 was 97.13% on a standalone basis and for Fiscals 2018 and 2019 were 99.25% and 99.74% on a consolidated basis, respectively. ICRA Research notes that our performance (in terms of reductions in 30 dpd delinquencies and 90 dpd delinquencies) and asset quality was superior to the industry after demonetization, as a result of our rural focus, lower share of portfolio in the most affected districts and our geographically diversified portfolio. For details, please see "*Industry Overview*" on page 100. Further, according to ICRA Research, our credit costs post demonetization were superior than the industry average.

Our track record of dealing with the aftermath of the 2010 AP Crisis, CDR and demonetization demonstrates the strength of our business model, policies and client relationships as well as our ability to manage the expectations of varying stakeholders in our business, including staff, lenders, shareholders and clients.

- ***High degree of client engagement and robust risk management, leading to superior asset quality and collections***

We focus on a high degree of client engagement through our large employee base and operating procedures. Our client engagement practices include village/block level centre meetings and client training. Prior to lending to a client, we impart training over three days on loan terms, utilization and repayment, insurance and client support services. We also conduct center meetings where clients interact with our staff at regular intervals (typically based on their installment payments frequency). For further details, please see "– *Credit Appraisal, Sanction, Disbursement and Repayment Processes*" on page 139. We believe that these practices help us stay in close contact with our clients, which enables us to collect installments on the due dates and at specified times. We believe that we have been able to perform better than our peers on collection efficiency as a result of our practices, staff training, incentive structures designed to reward process adherence and asset quality and regular client engagement activities.

Further, our risk management norms are designed keeping in mind the various kinds of risks to our business. We make changes to these norms from time to time in response to business environment to ensure a responsive risk management strategy. Many risk control measures are embedded in the business process. For example, we follow a set of eligibility criteria for clients, which is aimed at minimizing credit risk (for details, please see "– *Client Selection Policies and Procedures*" on page 138). Every prospective client prior to disbursement is also assessed for their credit history with other lenders reporting into the credit bureau. ICRA research notes that the vintage of our portfolio is better than the industry, with over 25% of the portfolio in the fourth cycle compared to 11% for the industry as of December 2018.

Further, in order to prevent frauds by our employees, we follow a standard transfer policy, whereby all our field employees are transferred after spending a fixed period (not exceeding 18 months) at one location. We follow certain criteria while transferring employees to prevent the possibility of collusion with each other. For example, no two employees from the same village or tehsil of origin are allowed to work in the same branch and no two employees who have worked together in a branch are allowed to work together again in the same branch even after their transfers. Some of these controls have been automated with the use of technology. Our human resources management software has these kinds of controls built-in such that any transfer breaching the criteria cannot be executed. We also have well-established internal controls, a well-designed system for operations, strong policies and procedures to maintain financial discipline. Our internal audit department, which is overseen by the Audit Committee, is an independent function, which evaluates operational risks, internal controls, adherence to systems and conducts timely inspection of our branches. For details, please see "*Our Management – Corporate Governance*" on page 171.

Our high degree of client engagement and effective risk management policies have resulted in healthy asset quality.

The following table shows our key portfolio indicators:

	As of / For the		
	Year ended March 31, 2019 (consolidated)	**Year ended March 31, 2018 (consolidated)**	**Year ended March 31, 2017 (standalone)**
	(₹ in millions, except percentages)		
Collection Efficiency[(1)]	99.74%	99.25%	97.13%
Stage III PAR 90+ (excluding the old AP Portfolio) Ratio[(2)] (%)	0.10%	2.27%	6.86%
Stage III PAR 90+ Net (excluding the old AP Portfolio)[(3)]	6.11	117.45	87.21
Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio[(4)] (%)	0.01%	0.38%	0.71%
Stage I, II and III PAR 0+ (excluding the old AP Portfolio and standard Portfolio)[(5)]	382.77	743.71	1,390.79

Figures disclosed in the above table are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

Notes:
(1) *Collection Efficiency represents the ratio of our collections (including overdue collections) for the year to billings for the year.*
(2) *Stage III PAR 90+ (excluding the old AP Portfolio) Ratio represents "Stage III PAR 90+ (excluding the old AP Portfolio)" (as defined above) as a percentage of Gross AUM as at the date mentioned.*
(3) *Stage III PAR 90+ Net (excluding the old AP Portfolio) represents the total loan outstanding that are overdue for 90 days or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio), as of the last day of the relevant year, excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012, as reduced by the provision for such loans (excluding provision for loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012).*
(4) *Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio represents "Stage III PAR 90+ Net (excluding the old AP Portfolio)" (as defined above) as a percentage of Gross AUM (net of provision for such PAR 90+ loans) as at the date mentioned.*
(5) *Stage I, II and III PAR 0+(excluding the old AP Portfolio and standard Portfolio) represents the total loan outstanding that are overdue for 1 day or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio) as of the last day of the relevant year (excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012).*

- ***Streamlined systems and processes and high employee productivity leading to low operating expense ratio***

Our business processes are designed for scale and efficiency and we constantly review and endeavor to strengthen them as the scale of our operations increase. Our operational efficiency is also driven by streamlined systems and procedures and scalable workforce deployment. At the branch level, we have implemented standardized systems and a front-end interface that gives us real time information on demand and collections. The systems follow an accounting module with budget controls built and approval authorities clearly earmarked. These practices and systems help in reducing the time and cost of our operations. As a result, according to ICRA Research, we had the lowest operating expenses/AMA ratio amongst certain major NBFC-MFIs and SFBs for Fiscal 2019. Further, ICRA Research also notes that our employee productivity as of March 31, 2019 was amongst the best compared to certain selected peers in terms of GLP per employee and the best in terms of clients per employee. For details, please see "*Industry Overview – Competitive Benchmarking* " on page 119.

In addition, with a view to offering timely service to our clients and thereby increase client retention and increasing our loan portfolio, we provide repeat loans on a timely basis to our existing clients. Faster processing of loans improves client experience and also helps save time, thereby improving cost utilization at branch level.

- ***Our focus on the high potential and under-served rural segment***

Rural Areas in India are a highly under-served market for formal banking services in terms of access, availability and suitability of products and services. Therefore, we strategically focus on clients in the rural sector. According to ICRA Research, while rural India accounts for approximately 68% of India's population as of March 2018, it accounted for only 34% of total deposit accounts and 23% of the loan accounts in scheduled commercial banks. ICRA Research notes that 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, micro-finance institutions are well placed to address this demand, which is currently being met by informal sources such as local money lenders. Accordingly, with our focus on the rural segment as of December 31, 2018, 88% of our portfolio was located in Rural Areas, as compared with 61% for 33 NBFC-MFIs as a whole. (*Source: ICRA Research*). Further, loans given to our clients for agriculture and allied activities can be classified as "Direct Agri" by banks pursuant to the RBI's priority sector lending guidelines, which provides us with the opportunity to assign this portfolio to banks that need to meet their target on Direct Agri loans. As of March 31, 2019, 94.6% of our portfolio was located in Rural Areas.

In the context of asset quality, ICRA Research also notes that delinquency trends indicate that delinquencies in the urban portfolios of NBFC-MFIs are higher than the delinquencies in Rural Areas. Therefore, rural portfolios have exhibited stronger performance vis-a-vis urban portfolios. Further, ICRA Research notes that, in most states, the credit outstanding in urban areas outweigh that of Rural Areas by multiple times, indicating the extent of deficiency in credit availability in Rural Areas. While several initiatives by the Government and the RBI have been taken for improving the credit availability in Rural Areas, the gap remains substantial offering significant potential for private players to serve this unmet demand. In particular, ICRA Research notes that microfinance institutions with deep reach in Rural Areas are better placed to deliver credit to the largely underserved segment in the country. Further, borrowers in general are aware that loans from MFIs are important for them. Given the lack of organised financial aid to this segment of the society, for many borrowers the alternate source of funds is moneylenders who charge exorbitant rates. Hence, ICRA Research observes that the general inclination of borrowers to default on these loans is low (*Source: ICRA Research*).

- ***Geographically diversified operations leading to risk containment and business resilience***

As of June 30, 2019, we cover 74,749 villages in 269 districts in 16 states and 1 union territory across India through 929 branches. Our operations are well-diversified at the branch, district and state levels. Presence in widespread geographies in India offers us a potential growth opportunity to further grow the business penetration in same areas and also reach out to more congruent geographies.

To address geographic concentration risk, we have specified exposure caps at the state, district and branch levels. For instance, the gross loan portfolio of each state must not exceed 22.5% of our total portfolio (except for AP and Telangana, to which, the combined cap of our portfolio is 6% of the gross loan portfolio) or 100% of our net worth. The gross loan portfolio for each district must not exceed 2.5% of our total portfolio and 7.5% of our net worth. With this adopted norm, our operations are geographically well-diversified with no single state contributing more than 20.01% to our AUM, no district contributing more than 1.82% to our AUM and no branch more than 0.3% to our AUM as of March 31, 2019. Further, according to ICRA Research, we had the second lowest GLP per branch amongst peer comparison of certain NBFC-MFIs and SFBs, as of March 31, 2018 and lowest GLP per branch amongst peer comparison of certain NBFC-MFIs and SFBs in March 31, 2019.

Further, as per our risk containment norms, disbursements for any single state must be less than 22.5% of our total disbursements. In addition, total disbursement at each branch is capped at 600 loans per month, to ensure that sufficient supervisory checks can be done to maintain quality of appraisals.

- ***Significant industry experience of our Promoter and management team***

We believe that the long-standing industry experience of our Individual Promoter and our management team provides us with an understanding of the needs and behaviour of the clients particularly in Rural Areas, the nuances of lending to these clients and issues specific to the microfinance industry in India. We believe that this expertise gives us a competitive advantage in this industry and has helped us in maintaining our resilience through industry cycles.

Ms. Padmaja Gangireddy, our Individual Promoter and Managing Director, has over 24 years of experience in social development and microfinance sector. She also founded SRUDO in 1998, and promoted our Company in 2003. She has been the Managing Director since then. Under her leadership, the Company believes that it has shown growth across industry cycles.

Abdul Feroz Khan, our Chief Strategy Officer, holds a masters' degree in business administration from Institute of Chartered Financial Analysts of India University, Dehradun. He joined our Company in November 2008 as an assistant manager and was designated as the Chief Strategy Officer in May 2018. Sudhesh Chandrasekar, our Chief Financial Officer, holds a post graduate diploma in management from Indian Institute of Management, Bangalore, a bachelors' degree in commerce (honours) from Shri Ram College of Commerce, University of Delhi, Delhi. Prior to joining our Company, he worked with Unitus Capital as a Vice-President. He also worked with ICICI Bank where his last held position was in the grade of Manager-I.

Further, at the field level, we have a high retention rate of employees at the middle to senior management level. The average experience of our assistant vice-presidents, division managers ("**Divisional Managers**") and cluster managers ("**Cluster Managers**") was 7.6 years, 5.6 years and 6.4 years, respectively, as of March 31, 2019.

For further details in relation to our Directors and Key Managerial Personnel, see "*Our Management*" on page 164.

Our Strategy

- ***Leverage our popular income generation loan products to derive organic business growth***

Through our client-centric business model, we focus on providing financing to our clients on a speedy and continual basis (while always adhering to our strict risk management policies), according to their life-cycle needs. We focus on providing income generation loans and our popular 'Abhilasha' loans (which are income generation loans) amounted to 84.62% of our Gross AUM, as of March 31, 2019.

ICRA Research estimates the microfinance credit opportunity to amount to ₹5–6 trillion (based on the current credit gap). For further details, please see "*Industry Overview*" on page 100. We expect to derive organic growth through our popular income generation loan products that are offered through the JLG model. To this end, we intend to utilize our existing branch infrastructure and employee base to increase our volume of income generation loans. We intend to offer income generation loans both to our existing clients (as they complete their existing loan cycles) and to new clients through our existing branches. We commence processing loans for existing clients at the time when two instalments of their existing loan are due, so as to disburse loans on the same day that the existing loan is fully repaid.

In addition to our core business of providing micro-credit, we also have contractual arrangements with our Group Company, Abhiram Marketing, a company engaged in the business of consumer goods (such as mobile phones, sarees, solar lamps, pressure cookers, mixers and grinders and bicycles, among other products) that are intended for purposes such as improving the quality of life of our clients, improving health and hygiene for families, reducing household expenditures and improving awareness, communication and mobility. We believe that these products may attract clients to our branches, which may help in engendering client loyalty. Further, we endeavor to provide repeat loans on a timely basis to our existing JLG clients.

- ***Leverage our existing branch network by increasing loan portfolio and enhancing employee productivity***

We have a large branch network which can be further leveraged since we have maintained low exposure levels per branch thus far. While we were under CDR, we focused on retaining our branch franchise as much as possible and this required maintaining low ticket sizes (leading to low AUM/branch levels) to ensure that once our funding levels improve post CDR exit, we can leverage on the branch franchise. Within the branches, during the time that we were in CDR, we focused on retaining clients even though we had to keep our ticket sizes lower than the client demand and credit approval levels.

Since our exit from CDR in March 2017, we increased our lender base, diversified our borrowings and also received additional capital infusion from Kangchenjunga, our Corporate Promoter and Kedaara AIF 1. With increased capital flow, we were able to enhance our ticket sizes and also acquire new clients at our existing branches. This helped us grow our AUM in Fiscal 2018 at one of the highest rates (143.8% in Fiscal 2018) among large NBFC-MFIs in India (*Source: ICRA Research; see "Industry Overview – Competetive Benchmarking"* on page 119). As a result, during Fiscals 2018 and 2019 with increasing flow of funding, AUM per branch grew from ₹24.74 million per branch as of March 31, 2017 to ₹45.63 million per branch in March 31, 2018 and to ₹47.97 million per branch in March 31, 2019. However, according to ICRA Research, we had the second lowest GLP per branch amongst peer comparison of certain NBFC-MFIs and SFBs, as of March 31, 2018 and the lowest GLP per branch amongst peer comparison of certain NBFC-MFIs and SFBs in March 31, 2019, which we believe provides us with the potential to further increase our loan portfolio and enhance our employee productivity.

As our funding levels improve further, we can further expand our operations from the existing branch network and bring exposure per branch on par with industry averages. We believe that we have the existing physical infrastructure and workforce in place to increase our loan portfolio, without a proportionate increase in operating expenses.

Further, we believe that we have latent growth potential (i) by way of opening new branches in adjacent areas to our existing branch network; (ii) splitting large branches according to demand (allowing them to grow by acquiring more clients in the same geographies); and (iii) leverage on those states where we have less penetration though the states have large unmet potential.

Given the seasoning of our operating team, we can open branches in different regions and leverage on the experience of our seasoned field staff who can take up larger roles – for example, seasoned Credit Assistants ("**CAs**") can be trained to assume the role of Branch Managers ("**BMs**") while seasoned BMs can be trained to assume the role of Cluster Managers. Further, with the objective of expanding our loan portfolio, we intend to incentivize our employee base to further service more client demand while adhering to our risk containment norms - both to existing and new clients. This will help us improve our Gross AUM per employee (excluding trainee CAs) from our current level (₹12.58 million as of March 31, 2019) leading to increased employee productivity with expansion in client base.

- ***Increase our presence in under-penetrated states and districts***

We have grown our geographical presence by expanding our branches into different regions. With this strategy, we expanded our operations into three new states, Bihar, West Bengal and Tamil Nadu and one union territory, Pondicherry, in the last two years besides restarting operations in Rajasthan where we had exited. Our contiguous growth strategy is also relevant for expanding into newer districts within the states where we already have operations. We intend to continue to expand our geographical coverage into newer states and union territories as well where we see business potential (for instance, Assam, Punjab and Haryana).

According to ICRA Research, many large states such as UP, Bihar, MP, Gujarat, Chhattisgarh, Punjab, Haryana are under penetrated and offer good potential for growth. (*Source: ICRA Research*). We have commenced operations in some of these states such as Bihar, West Bengal and Rajasthan in the recent past. These features offer growth opportunities for us in newer geographies.

We open new branches as per our business plan and evaluate certain key criteria while opening a new branch, including the following:

- Demand for credit in the area;
- Income and market potential to determine repayment capacity of borrowers;
- Availability of transportation and infrastructure facilities at the location;
- Level of economic activity and employment opportunities in the area (presence of factories, shops/malls and other enterprises);
- Growth potential (in terms of new client acquisitions);
- Major income sources for the local population;
- Whether a majority of the houses are self-owned;
- Competition from other MFIs in the area; and
- Socio-economic and law and order risks in the proposed area.

We ensure that any new state expansion is conducted in a phased manner. We first test the market by setting up a few branches. It is only after these branches are able to demonstrate full compliance with our internal processes and procedures that subsequent expansion is planned. We also only place experienced BMs and CAs in new branches as they serve to lay the foundation for the growth of future branches by providing the requisite training.

- ***Further diversify our borrowing profile and reduce our cost of borrowings***

Our funding sources are varied, as we believe that a diversified debt profile ensures that we are not overly dependent on any one type or source for funding. Post our exit from CDR, we have diversified our lender base and accessed diverse sources of liquidity, such as term loans, cash credit and subordinated debt from banks, financial institutions and non-banking financial companies, proceeds from loan assets securitized, and proceeds from the issuance of NCDs to meet our funding requirements.

We increased our lender base from three lenders as of March 31, 2017 to 22 as of March 31, 2018 and further to 28 as of March 31, 2019. Our Average Effective Cost of Borrowing reduced from 16.31% for Fiscal 2017 to 14.74% for Fiscal 2018 and further reduced to 12.84% as of Fiscal 2019. Further, our credit rating (by ICRA) improved from BBB- (Stable) as of August 2017 to BBB (Positive) as of February 2018, BBB+ (Stable) in May 2018 and A- (Stable) in March 2019. We intend to further diversify our lender base by raising financing through lower cost avenues such as capital markets instruments such as NCDs, commercial paper and securitizations and through term loans from banks under priority sector lending. We believe that this diversification will enable us to meet funding requirements and further optimize Average Cost of Borrowings.

ICRA Research notes that the continuation of priority sector lending status for NBFC-MFIs and allowing NBFC-MFIs to act as business correspondents for banks augurs well for funding profile of NBFC-MFIs. Further NBFC-MFIs also have opportunities to raise off balance sheet funding through business correspondent model, securitization and assignments as a significant proportion of underlying portfolios which would qualify under the key categories of PSL targets.

Our Operational Overview

Our operations focus on women from low-income groups in Rural Areas who aspire to improve their financial well-being. Our main lending product is *'Abhilasha'* loans, which are income generation loans designed to empower women by enabling them to set up and expand income generating activities. We offer Abhilasha loans primarily to women, who are willing to borrow in a group and are agreeable to accept joint liability for the loans. We provide loans to women in groups without any collateral, with each group consisting of 8 to 10 women. Under the JLG model, loans are provided to individual clients. However, the group guarantees the repayment of loans given to individual members of the group. We believe that the JLG model is advantageous to both us and our clients. Through this model, our clients, who typically do not have collateral to avail loans, are able to gain access to credit. The JLG model also provides built-in support for our clients, in both good and bad financial circumstances. For our income generation loans, we presently focus on areas such as agriculture, agriculture allied activities, small-scale activities and emergent needs. Our Abhilasha loans amounted to 90.19%, 87.81% and 84.62% of our Gross AUM as of March 31, 2017, 2018 and 2019, respectively .

We also provide certain other categories of loans, such as loans against property to clients who run businesses, are self-employed or salaried; 'shree' loans for low/lower middle-income women in AP with clear credit histories for cash flow smoothening or working capital requirements; gold loans given to individuals against the mortgage of gold jewelry for agriculture, business and short-term liquidity needs; and interim loans, which are top up loans given to existing clients (on a group guarantee) to use for their capital working needs, seasonal requirements or emergency needs. These other categories of loans together amounted to 12.25%, 12.43% and 15.41% of our Gross AUM as of March 31, 2017, 2018 and 2019.

In addition to our core business of providing micro-credit, we also have contractual arrangements with Abhiram Marketing, our Group Company engaged in the business of sale of consumer goods (such as mobile phones, sarees, solar lanterns, pressure cookers, mixers and grinders and bicycles, among other products) that are intended for purposes such as improving the quality of life of our clients, improving health and hygiene for families, reducing household expenditures and improving awareness, communication and mobility. We believe that these products may attract clients to our brand, which helps in engendering client loyalty. For further details, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 371.

Our Branch Network

As of June 30, 2019, we had 929 branches located in 16 states and 1 union territory in India. The following table sets forth the number of our branches in each state as of the dates indicated:

State	As of			
	June 30, 2019	March 31, 2019	March 31, 2018	March 31, 2017
Madhya Pradesh	149	149	120	94
Orissa	149	149	120	94
Karnataka	136	139	128	111
Maharashtra	111	111	92	70
Chhattisgarh	83	83	61	38
Andhra Pradesh	83	83	57	41
Kerala	40	38	19	14
Jharkhand	44	36	36	26
Gujarat	35	34	20	18
Bihar	33	28	9	3
Rajasthan	22	21	3	0
West Bengal	14	21	5	0
Uttar Pradesh	12	12	13	10
Telangana	10	13	6	4
Goa	5	5	5	3
Tamil Nadu	2	2	-	-
Pondicherry	1	1	-	-
Total	**929**	**925**	**694**	**526**

The following table sets forth the number of districts we cover in each state as of the time periods indicated:

State	As of June 30, 2019	As of March 31, 2019
Madhya Pradesh	48	48
Karnataka	30	30
Orissa	29	29
Maharashtra	29	29
Chhattisgarh	21	21
Jharkhand	20	20
Bihar	17	15
Gujarat	14	13
Kerala	11	11
Uttar Pradesh	11	11
Andhra Pradesh	11	11
Rajasthan	11	10
West Bengal	6	5
Telangana	5	5
Tamil Nadu	3	3
Goa	2	2
Pondicherry	1	1

Total	**269**	**264**

The following table sets forth the breakdown of our clients in each state as of the dates indicated:

State	As of			
	June 30, 2019	**March 31, 2019**	**March 31, 2018**	**March 31, 2017**
Orissa	474,406	481,161	315,832	249,663
Madhya Pradesh	450,238	449,961	328,768	228,341
Karnataka	403,753	433,468	324,834	182,463
Maharashtra	314,704	313,279	218,967	136,368
Chhattisgarh	206,960	202,113	127,666	93,183
Andhra Pradesh	152,926	137,711	75,700	34,559
Jharkhand	127,432	129,047	79,902	56,544
Kerala	98,437	84,808	42,329	30,237
Gujarat	94,834	88,793	48,766	30,621
Bihar	64,294	49,487	7,256	73
Rajasthan	52,365	34,650	322	-
Goa	15,710	16,929	7,499	5,444
West Bengal	15,311	12,633	1,270	-
Uttar Pradesh	14,797	12,637	5,452	9,067
Telangana	10,484	10,848	2,139	902
Pondicherry	1,592	1,346	-	-
Tamil Nadu	64	51	-	-
Total	**2,498,307**	**2,458,922**	**1,586,702**	**1,057,465**

The following table sets forth our state-wise portfolio distribution (i.e. the ratio of our AUM from the respective state to our Gross AUM, expressed as a percentage) as of the dates indicated:

State	As of		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**
Orissa	19.98%	18.75%	22.25%
Madhya Pradesh	20.01%	22.00%	20.94%
Karnataka	13.48%	22.33%	18.30%
Maharashtra	10.77%	13.79%	13.38%
Chhattisgarh	8.70%	7.43%	9.27%
Andhra Pradesh	6.73%	3.62%	3.36%
Kerala	4.53%	3.17%	3.47%
Jharkhand	4.41%	3.65%	3.83%
Gujarat	3.17%	2.93%	2.80%
Bihar	2.58%	0.39%	0.01%
Rajasthan	2.21%	0.02%	0.00%
West Bengal	1.17%	0.86%	1.00%
Goa	0.90%	0.66%	0.77%
Telangana	0.66%	0.15%	0.16%
Uttar Pradesh	0.62%	0.24%	0.46%
Pondicherry	0.06%	0.00%	0.00%
Tamil Nadu	0.03%	0.00%	0.00%
Total	**100.00%**	**100.00%**	**100.00%**

Our Products

- ***Abhilasha Loans***

"Abhilasha" stands for "aspiration." Our Abhilasha loans are given for income generation purposes and are designed for low-income households that aspire to improve their financial well-being through small ventures. Abhilasha loans are offered to women for setting up and expanding income generating activities (such as grocery stores and tailoring shops), smoothening household cash flows and acquiring productive assets (such as cattle and sewing machines). Our Abhilasha loans provide for repayment typically on a bi-weekly / monthly basis. The loan size ranges from ₹25,000 to ₹80,000 with a tenure of 12 to 36 months with an average loan size of ₹26,000. As of March 31, 2019, the interest rate on Abhilasha loans was 24.00% plus a 1% upfront processing fee.

As of March 31, 2019, Abhilasha loans amounted to 84.62% of our Gross AUM. The following table sets forth details of the AUM (excluding the old AP Portfolio) and disbursements of our Abhilasha loans as of/for the periods indicated:

Abhilasha Loans	As of		
	March 31, 2019 (consolidated)	March 31, 2018 (consolidated)	March 31, 2017 (standalone)
	(₹ in millions, except percentages)		
Gross AUM	37,549.20	27,806.98	11,738.53
AUM, as a percentage of Gross AUM	84.62%	87.81%	90.19%
Disbursements	41,509.95	32,920.65	17,755.83

- ***Other Loan Products***

- *Loans against property*

Loans against property are provided to clients who own businesses, are self-employed or salaried. These loans are given against the mortgage of residential houses / commercial shops (excluding any open plots on agriculture land). These loans are offered in AP and Telangana with a monthly repayment structure. The loan tenure ranges from 12 months to 60 months.

- *Shree loans*

"Shree" or "good beginning" loans are provided in AP to low/lower middle-income women with a group guarantee. Shree loans seek to help borrowers smoothen cash flows and meet working capital requirements.

- *Gold loans*

Gold loans are given against the mortgage of jewellery. They are offered on an individual loan basis and are designed to meet agriculture, business and short term liquidity needs. Our gold loans offer a repayment schedule where principal instalments are as per the convenience of the clients, although interest due dates are fixed.

- *Interim loans*

Interim loans are designed to assist clients who are struggling to meet short-term liquidity requirements. They are "top up" loans given to existing borrowers to meet their working capital needs, seasonal requirements or emergency needs. Interim loans are offered to individuals on a group guarantee basis. The loan tenure ranges from 12 months to 36 months.

The following table sets forth details of the AUM (excluding the old AP Portfolio) and disbursements of our other loan products as of/for the periods indicated:

Other Loan Products	For the		
	Year ended March 31, 2019 (consolidated)	Year ended March 31, 2018 (consolidated)	Year ended March 31, 2017 (standalone)
	(₹ in millions)		
AUM (excluding the old AP Portfolio)	6,823.58	3,860.91	1,276.79
AUM, as a percentage of Gross AUM	15.38%	12.19%	9.81%
Disbursements	8,182.88	5,655.83	2,835.82

Client Selection Policies and Processes

We follow stringent client selection policies and processes which help in maintaining the quality of our assets.

- ***Eligibility Criteria***

We follow an eligibility criteria for clients, which is aimed at ensuring a healthy asset quality. The key elements of our client eligibility criteria are as follows:

Only married (including divorced, widowed or separated) women are eligible for loans.

Possession of an owned house is mandatory for new clients (owned directly or through an immediate family member) which ensures that the client does not migrate after taking multiple loans. Our CAs verify the information relating to house ownership and record the information on the client enrolment form. Existing clients are eligible for a subsequent loan even if they are staying in a rented house.

Women between 18 and 59 years of age are eligible for loans. The age of her spouse may be up to 65 years. Both the client and her spouse must be economically active and contributing to the family income. Women above 55 years of age are considered only if they are healthy, active and are able to attend center meetings.

Loans are given based on group guarantees. Group members must live near each other, within a distance of 0.5 km. They also must know each other prior to joining a group and taking on loans.

All group members must agree to attend center meetings and accept to take group guarantee.

If the client has loans outstanding from two other NBFC-MFIs and/or her overall indebtedness exceeds ₹80,000, then she is not eligible for a loan.

Only one loan per family is permitted.

- ***Client Due Diligence and Training Processes***

Our branches enroll clients who satisfy our eligibility criteria. Immediately after the formation of the group, the CA visits the prospective clients' house to collect the Know-Your-Client ("**KYC**") documents and basic data of the clients. The prospective client is briefly informed of our rules and regulations, including the compulsory training for clients. Once the relevant KYC and clients' information is collected, it is sent for data entry in our system and credit bureau check.

Upon receiving a positive credit bureau response, the CA conducts the compulsory group training ("**CGT**"). We believe that group training is necessary for developing group cohesiveness and strict credit discipline. Having strong groups with a commitment to credit discipline is one of the contributing factors to the expansion of microfinance. We take time to teach each group to work together cordially and be responsible for financial transactions, both individually and as a group.

Prospective clients undergo at least two days of group training, covering various topics such as knowing our company, our product features, terms and conditions of loans, group guarantee, centre meeting processes and importance of attendance in centre meetings. On the last day of the group training or at a later date, group recognition test is done by the BM to determine the clients' level of understanding of the topics covered during the training. The BM then visits the homes of the new clients to verify eligibility and repayment capacity of the potential clients. If the BM is satisfied, he informs the group about the date and time when they should visit the branch office for loan disbursement process.

Credit Appraisal, Sanction, Disbursement and Repayment Processes

- ***Receipt of Loan Applications***

Following the introductory meeting, if the CA/BM receives a call from the prospective client expressing an interest in availing our loan product, the CA/BM visits the group and collect the KYC documents from each client. While doing this, the CA also checks that each client fulfills the eligibility criteria.

The CA crosschecks the copy with the original, fills up the Client Enrolment Form ("**CEF**") and obtains the client's signature/thumb impression on the loan documents forming part of the CEF.

- ***Loan Evaluation***

The attested documents are then submitted to the BM for his review. Upon being satisfied that the documents are appropriately filled in, the BM signs off on the CEF and the documents are uploaded on to the system. Our back-end operations team at our Registered Office then validates the uploaded documents and updates the client and KYC details on the system. If there are any gaps in the information provided, the back-end operations team rejects the application. At this point, the BM will be able to make the necessary corrections to the rejected applications. All loan applications successfully entered into the system will automatically effect a credit bureau check which will display the credit history of the borrower.

Depending on the indebtedness of a borrower, the maximum amount that can be disbursed to the borrower is sanctioned, after which the CGT and the Group Recognition Test ("**GRT**") are conducted with group members.

The BM then visits the houses of all qualified clients and note his observations. This appraisal process is to allow the BM to check whether the borrower meets the eligibility criteria mentioned above, conduct a reference check with the borrower's neighbors and determine the repayment capacity of the borrower.

- ***Loan Sanction and Further Processing***

For borrowers whose loans are approved and appraisals are satisfactory, the BM proceeds to sanction loans. On the day of disbursement, the clients and their spouses are briefed about the terms and conditions of the loan to ensure that they understand the terms. Loans are not disbursed to clients if their spouses are not present at the time of loan disbursement.

- ***Loan Repayment Process***

Loan installments are collected only at center meetings and not at the borrower's residence. As each borrower is expected to attend center meetings to pay instalments, attendance in center meetings is one of the important criteria that will be considered when disbursing a subsequent loan.

Before the meeting, the clients hand over their loan repayment schedule card and instalment amounts to one of the group members for collection and tallying. At the meeting, this group member then hands over the amount collected and the loan repayment schedule cards to the CA. Once the CA verifies the amount collected against the demand sheet, he proceeds to sign each member's loan repayment schedule card.

- ***Centre Meetings***

Centre Meetings are conducted fortnightly at a fixed place and time on a particular day. We select a common place large enough to accommodate all members of the group. We hold meetings in the house of any member of the group as agreed by all members. The center meeting typically takes place at a venue within 0.5km from house of all the borrowers.

The centre meeting is one of the core activities for our field staff and an important forum for interactions between our clients and us. Hence, we ensure that center meetings are conducted strictly as set out in our operational guidelines either on a weekly or fortnightly basis. These center meetings are vital for us for the following reasons:

all financial (except loan disbursement) and non-financial transactions with our clients are conducted at the meeting.

the meeting is our point of contact with our clients, and this helps in relationship building with the client.

all our important schemes and policies are shared with our clients at the meeting.

the meeting plays an important role in building our brand image, engaging and retaining the clients.

Credit Assistant / staff visiting the center meetings get to know clients better.

Risk Management Policies and Procedures

Risk is an integral part of our business and sound risk management therefore is critical to our success. As a financial intermediary, we are exposed to risks that are particular to the lending that we do and the environment in which we operate. We continuously identify and implement comprehensive policies and procedures to assess, monitor and manage risk.

Our risk management process is continuously reviewed, improved and adapted in the context of changing risk scenarios and the agility of our risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. We assess the fitness of our risk management process on an event-driven basis.

Our risk management process has three components: the assessment of business risks, operational controls assessment and compliance processes. The Risk Management Committee reviews our risk management policies.

- ***Concentration Risk***

We aim to avoid concentration in both our loan portfolio and our borrowings. To mitigate concentration risk, we have well-defined geographic and lender dependence norms.

- *Loan Portfolio Caps*

We monitor state level portfolio levels to ensure that the gross loan portfolio of each state does not exceed 22.5% of our total portfolio or 100% of our total net worth. In addition, our policy requires that micro credit unsecured loan portfolio in the states of AP and Telangana together must not exceed 6% of our gross loan portfolio. Each district also must ensure that its gross loan portfolio does not exceed 2.5% of our total portfolio and 7.5% of our net worth. Each branch must ensure that its gross loan portfolio does not exceed 1% of our net worth, with only 5% of the operating branches on a standalone basis permitted to go up to 1.5% of our net worth. These caps are subject to a tolerance of 10%. Further, starting from the year ended March 31, 2021 the gross loan portfolio of each state must not exceed 20.0% of our total portfolio.

- *Disbursement Caps*

Our disbursement limits stipulate that disbursements from each state must be less than 22.5% of our total disbursements. In addition, total disbursement at each branch is capped at 600 loans per month, to ensure that sufficient supervisory checks can be done to maintain quality of appraisals. Further, starting from the year ended March 31, 2021 our disbursement limits from each state must be less than 20.0% of our total disbursements.

- *Borrowing Dependence Norms*

In order to reduce dependency on any single lender, we have adopted a cap on borrowings from any single lender at 25%.

- ***Political Risk***

We recognize political risk as one of the major risks facing our business and believe that it can be mitigated through responsible lending, consistently following the fundamentals of microfinance, maintaining uncompromising discipline and client engagement.

- *Continue to Remain Rural Focused*

We strategically focus on clients in Rural Areas in India, as the rural sector is a highly under-penetrated market for formal banking. According to ICRA Research, while rural India accounts for approximately 68% of India's population as of March 2018, it accounted for only 34% of total deposit accounts and 23% of total loan accounts. Research notes that 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, micro-finance institutions are well placed to address this demand, which is currently being met by informal sources such as local money lenders. Our goal is to maintain 85% of our portfolio as rural at all times.

- *Maintain a Robust Client Grievance Redressal Mechanism*

We have a well-defined and fully automated Client Grievance Redressal Mechanism ("**CGR**") mechanism (through toll-free numbers) for ensuring timely redressal. We have also established a dedicated follow-up team and quality team, which ensures timely closure and quality call monitoring. In Fiscal 2019, we serviced 1,245 client calls within the defined turnaround time.

- *Avoid Over-Indebtedness and Multiple Borrowing among Borrowers*

We adhere to a KYC policy, mandatory credit bureau and automated systems to ensure a seamless implementation of RBI regulations stipulated to MFIs with controls, thereby avoiding over-indebtedness and multiple borrowing among our borrowers.

- *Establish Appropriate Collection Practices*

We have designed and implemented collection practices in alignment with RBI and SRO guidelines and the relevant regulatory frameworks. We conduct client protection awareness programs for our employees in vernacular languages with focus on treating our clients with the utmost respect.

- ***Operational Risk***

Our core business is to provide collateral-free loans in Rural Areas, which requires enhanced operational risk management. To mitigate the operational risks we face in our business, we follow the following policies.

- *Product and Process Design*

We adhere to strict client selection criteria, particularly in order to avoid disbursing loans to fake clients. These criteria include owning a house and lending to only one person per household to avoid multiplicity of loans to single client and risk of defaults. See "**–** *Client Selection—Eligibility Criteria*" on page 138.

- *Cap of Number of Disbursed Loans*

The number of loans that may be disbursed by a single branch is capped at 600 per month. This cap is to ensure quality appraisals, proper documentation and clear explanation of the product and policy and terms and conditions to the client.

If any branch has the sufficient resources and demand for the disbursements of loans above 600 in a month, written approval to do so will be required from designated authorities. Incentives pertaining to loan disbursement are only released post completion of branch audits by the internal auditor.

- *Grading of branches*

Based on the internal control and process compliance levels coupled with collections record, on a case-by-case basis, after due assessments, branches are given a risk grading – platinum, gold, silver and bronze. The risk grading is based on the total score the branch is given in our internal control questionnaire, and there are incentives and dis-incentives associated with each grade. For example, silver-graded branches are audited once every two months while bronze-graded branches are audited once every month. Risk gradings are regularly reviewed for upgrades and downgrades. This helps in supervision and control of operations in higher risk branches. The disbursement norms are also calibrated based on branch categories.

- *Strict Transfer Policy*

We have a series of guidelines and rules in place to ensure against any fraudulent behavior from employees. We follow a standard transfer policy, whereby employees at branches/cluster/division are transferred at set frequency maximum within 12 months. In addition, we have guidelines that set out the minimum and maximum distance between an employee's native place and her or his place of posting. New employees are not hired from what we deem restricted areas (identified on the basis of our previous experience), and undergo a thorough background check.

We also have a cash management policy in place to minimize the risk of losing cash by employees committing fraud or embezzling cash, or losing cash through theft/robbery.

- ***Internal Control Systems***

We have a well-established and strong internal controls system with well-designed systems, policies and procedures to maintain financial discipline. Our internal control systems are commensurate with the nature of our business and the size and complexity of our operations. Our Board of Directors, the Audit Committee and Risk Management Committee seek to maintain compliance at all levels based on the guidelines received on various issues of control from the RBI and the government of India.

Our internal audit department consists of 184 members including 22 Assistant Managers and above with an average of five years' experience in performing branch audits. It is an independent function that ensures, checks and evaluates operational risks, internal controls, internal financial controls, adherence of systems, policies and procedures by conducting inspection of branches. These are routinely tested and cover all branches and the head office. Significant audit observations and follow-up actions are reported to the audit and risk management committee.

We have also utilized services of an external risk-control firm to supplement our internal audit efforts in specific functions.

The Audit Committee oversees our internal audit function. The Audit Committee reviews the adequacy and effectiveness of our internal control system, including internal financial controls, and monitors the implementation of audit recommendations, including those related to strengthening of our risk management policies and systems. The Audit Committee monitors compliance with inspection and audit reports of the RBI, internal audit as well as with statutory auditors.

Each of our branches is audited at least once every Quarter. Risk areas are identified every month and branches are audited more than once wherever there are triggers of risk.

An internal audit executive covers up to 12 branches. As part of their field training, Executive Trainees and Management Trainees spend six weeks in the branches and do a detailed presentation on them.

We appointed an international audit firm as our internal auditor, starting from Fiscal 2019.

- ***Segregation of Duties and Responsibilities***

We have clearly defined roles and responsibilities for every position in the field. By segregating the duties and responsibilities, we ensure that different staff members are responsible for different functions so that no single employee handles end-to-end functions of a given work chain (for example, the client acquisition, loan disbursement process, collections and accounting are handled by different staff members). The field operations have the following roles and associated responsibilities:

CA: New client acquisitions, conduct group training, conduct meetings, accept loan applications, loan disbursements, repayment collections and loan utilization checks.

Cashier (One of the CAs on a rotational basis): Repayment collection counting, assist in loan disbursements and branch cash management.

BM: House visits of new clients, GRT, verify member basic data form information, verify loan applications, oversees loan disbursements, loan sanctions, monitor visits of group, identification of new villages for new clients acquisition and overall branch management.

Human Resources

The following table sets a break-up of our employees by function as of the dates indicated:

	As of			
	June 30, 2019	**March 31, 2019**	**March 31, 2018**	**March 31, 2017**
Credit Assistants	5,051	4,674	2,746	1,984
Branch Managers	1,007	952	690	512
Field monitoring (Cluster Managers, Divisional Managers, AVPs and VPs)	276	263	166	157
Back end operations	195	221	106	110
Finance, accounts and secretarial	43	48	38	34
IT	28	57	30	36
Human resources	22	72	53	59
Internal audit	167	184	84	51

Others	273	185	132	101
Total	**7,062**	**6,656**	**4,045**	**3,044**

Training and Development

Training and development is an important function for us in meeting business challenges and helping us attain a competitive advantage on the field. We have made learning an integral part of our organizational culture and aim to ensure that the environment we create and foster is conducive to learning. As a part of this effort, we have an in-house training department, which focuses on the needs of both individual employees as well as the organization as a whole. The training team is focused on producing targeted and tangible results for our business.

The objectives driven by our training department are broadly as follows:

To induct all employees to the micro-finance sector

To induct all employees to our Company, make them aware of the history of the organization along with mission, vision and values of the company.

To introduce the new employees to the work culture of the organization along with some of the key HR-related policies

To provide an in-depth understanding of the operational process and ground level operations of the company

To enable the employees to understand their job responsibilities and help them in reaching the organization’s objectives

To introduce new employees to the work culture of the organization and help him/her in understanding the job role for reaching the organization’s objectives

To support employees in adapting and getting involved quickly in the workplace.

Client Feedback and Grievance Redressal Mechanism

As part of our Code of Conduct and our compliance with RBI’s Fair Practices Code and SRO’s Code of Conduct (MFIN), we adhere to the following multi-tier CGR mechanism.

- ***Field Level***

Credit Assistants conduct centre meetings once in two weeks and the borrowers can share grievances if any in these meetings. BMs and Cluster Managers also visit centre meetings and borrowers who have any unresolved grievances at the Credit Assistant level can reach out to the BMs and Cluster Managers. In addition, when any non-branch staff visits the field (e.g., Cluster Managers, Divisional Managers, AVPs, VPs or any head office staff), must compulsorily visit the field, meet with clients, gather feedback and resolve grievances, if any. Further, the relevant BM’s contact number must be listed on the loan cards. In group trainings as well as at the time of loan disbursements, clients and their spouses should be made aware that they can contact the BM at any time at the listed number for any grievance.

- ***Branch Level***

Each branch needs to display the contact number of officials prominently in clear view so that visitors can access them. Each branch also has a complaints register, which allows any person to walk into the branch and register a complaint in the register. Cluster Managers must check complaints registers each time they visit a branch and ensure the registers are available. They then must sign the register with the date. If complaints are unresolved, Cluster Managers must report it back to Divisional Managers.

- ***Head Office Level***

Each loan card has the phone number of the client support service based in the HO. Clients can contact that number and have their complaints redressed.

Cross checks with internal auditors are also in place. Internal Auditors must check that each branch has a client feedback/complaints register, with the knowledge that if there are any complaints that have been lodged, they should have been addressed by the Cluster Manager on his or her last visit to the branch. Any unaddressed complaint observed in the field during client interactions or in the complaints register should be reported as an exception to the Senior Management and the Audit Committee of the Board.

All State Heads and Internal Auditors are responsible for ensuring compliance with the above. Any shortcomings in the above process compliance are treated as a breach of our Code of Conduct, which may result in strict disciplinary action.

In addition to the above, if the complainant feels that her complaint is not being resolved by our officials, she can also contact the MFI Network (MFIN) and Sa-Dhan, the Association of Community Development Finance Institutions. If complaints are not redressed within a period of one month, the client may appeal to the Officer-in-Charge of Regional Office of DNBS of the RBI.

Competition

We face significant competition from unorganized, small participants in the market across all our business segments in addition to other small finance banks, scheduled commercial banks and NBFCs as well as local moneylenders. Our competitors include Bandhan Bank Limited, Bharat Financial Inclusion Limited, Jana Small Finance Bank Limited, Ujjivan Small Finance Bank Limited, Satin Creditcare Network Limited, CreditAccess Grameen Limited, Equitas Small Finance Bank Limited, Utkarsh Small Finance Bank Limited, Muthoot Microfin Limited, Asirvad Microfinance Limited, Annapurna Finance Limited, Sonata Finance Private Limited, Arohan Financial Services (P) Limited.

In addition, many of our potential clients in the lower income segments do not have access to any form of organized institutional lending, and rely on loans from informal sources, especially money lenders, landlords, local shopkeepers and traders at much higher interest rates. Therefore, we also face significant competition from these unorganized and unregulated market participants who are prevalent in the semi-urban and Rural Areas, which are our key areas of focus and whose target client segment is the same as ours.

Properties

As of June 30, 2019, apart from one branch, all properties used for our operations, including our branches and our head office, have been taken on a lease basis.

Intellectual Property

Our Company holds registered trademarks for "Spandana Sphoorty", "SSFL" and an image consisting of coined word "Spandana" with emblem. For details, see "*Government and Other Approvals*" on page 411.

Information Technology

Our information technology system works in synchronization with our operating procedures through robust and scalable IT infrastructure. We have an integrated web-based smart ERP system which complements our business processes across all branches providing real time platform to carry out multiple business transactions with a user-friendly interface. Employees in the branches scan and upload the loan applications which are then automatically directed to the Credit Bureau for checks and verification with the back-office. Turnaround time ("**TAT**") for this process is one day. We have implemented the tabs in a few branches and TAT has improved to five minutes. Our IT support system involves all aspects of gathering, storing, tracking, retrieving and using information within the organization which helps our employees to track a client's sanction status, repayment schedules, outstanding balances and collections. The continuous improvement in our IT system has resulted in increased transparency and efficiency, cost optimization, improved reporting, and allowed management to make informed and data driven decisions. Also, this has allowed us to become more aware of the kind of risks that are associated with the nature of business; there are checks, triggers and controls in place which limit transactions beyond authorized limit and maker and checker concept enables the real time reconciliation. We have a customized single window system for posting accounting entries in the system. For example, once activities like loan disbursements, collections, pre-closure and advance collection are saved, the system automatically posts entries in the accounts module. The system enables various stakeholders to access various automated reports at any point in time. We also have a dedicated IT support team at head office which responds to the issues and queries raised by different stakeholders. Keeping client and employee satisfaction at the forefront, we continuously thrive to improve our IT support system which enables our business to grow its operations.

Insurance

We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include directors' and officers' liability insurance and key man insurance. Our insurance policies may not be sufficient to cover our economic loss. For details, see "*Risk Factors – Our insurance coverage may not be adequate to protect us against all potential losses, which may have a material adverse effect on our business, financial condition and results of operations*" on page 32.

Certifications and Awards

For a list of our awards and accreditations, see "*History and Certain Corporate Matters – Awards and Accreditations*" on page 156.

Corporate Social Responsibility

We have focused our CSR initiatives on imparting financial literacy to women of low-income segment. Through our experience, we learnt that many of these women often do not understand their own cash-flows, which results in the absence of any financial planning. At times, they fail to understand the economics of business and the opportunities available to them that will enable them to expand their business. We also observed that the women, though economically active and contributing to the household income, do not often play any part in the decision-making process.

Having identified these gaps, the financial literacy programs are designed to enable and equip them to understand household cashflows, understand various sources of saving and actively participate in financial planning and decision-making at the household level. As per our CSR Policy, we are required to contribute at least two percent of the average net profits of our Company made during the three years preceding financial years, on CSR.

These financial literacy programs were conducted in different states in their local language within the local context. The events also encourage cross-learning among the participants by giving them a platform to share their experiences, successes and challenges.

We also conducted workshops on business ideas to help women understand business opportunities in their local areas. For example, we facilitate these workshops by giving them a theme that allows them to come up with business ideas centered around it. Participants are then encouraged to pick appropriate ideas if they fix within their person context. Through these workshops, we strive to help women understand the markets and the demand-supply gap.

REGULATIONS AND POLICIES

Given below is a summary of certain sector-specific relevant laws and regulations as prescribed by the Government of India or state governments which are applicable to our Company. The information in this chapter has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been provided in a manner to provide general information to the investors and is not exhaustive and shall not be treated as a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Pursuant to a certificate of registration issued by RBI on October 16, 2004, our Company was registered as non-deposit taking NBFC, and was granted the NBFC-MFI status by the RBI on April 13, 2015. Our Company is a systemically important non-deposit accepting NBFC, in terms of the guidelines issued by the RBI. We are a leading rural India focused MFI with a geographically diversified presence. We offer income generation loans under the joint liability group model, predominantly to under-banked women from low-income households in rural areas. For further details, see "*Our Business*" on page 129.

For details of approvals obtained in accordance with applicable regulations, see "*Government and Other Approvals*" on page 411.

1. Key regulations applicable to our Company

Reserve Bank of India Act, 1934 ("RBI Act")

The RBI is entrusted with the responsibility of regulating and supervising NBFCs by virtue of powers vested in Chapter IIIB of the RBI Act.

The RBI Act defines an NBFC as: (a) a financial institution which is a company; (b) a non-banking institution which is a company 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 would be categorized as an NBFC if it has net owned fund of twenty-five lakh rupees or such other amount, not exceeding two hundred lakh rupees, as the Bank may, by notification in the official gazette, specify. Further, NBFCs are required to obtain a certificate of registration pursuant to Section 45 IA from the RBI prior to commencement of the business as a non-banking financial institution.

Pursuant to Section 45-IC of the RBI Act, every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Further, 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 Directions - Foreign Investments in India, issued by RBI dated January 4, 2018 (updated as on March 8, 2019) read with Consolidated FDI Policy Circular of 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, dated August 28, 2017 ("FDI Policy")

Foreign investment into NBFCs, carrying on activities approved for FDI, will be subject to the conditions specified in paragraph 5.2.26 of the FDI Policy and foreign investment of up to 100% is permitted under the automatic route.

IRDA (Registration of Corporate Agents) Regulation, 2015

These regulations govern corporate agents and prescribe code of conduct and compliances for corporate agents who undertake functions as distributors of insurance products. These regulations broadly set out the procedures and eligibility criteria in relation to the application for seeking registration as a corporate agent. A corporate agent is permitted to act as a corporate agent for a maximum of three insurance companies in each life, general and health insurances and is required to have a board approved policy on the same. Every corporate agent is required to adhere to a code of conduct on soliciting and servicing of insurance policies as prescribed by the regulations.

2. Key regulations applicable to all NBFCs (including an NBFC-MFI)

Based on the type of liabilities incurred, NBFCs are categorized into, deposit taking NBFCs ("**NBFCs-D**"), and non-deposit taking NBFCs ("**NBFCs–ND**"). Further, NBFCs-ND are categorised into systemically important and other non-deposit taking NBFCs, based on certain quantitative thresholds and the kind of activity they conduct. Within this broad categorization the different types of NBFCs are (a) NBFC - investment and credit companies, (b) NBFC - infrastructure finance companies, (c) NBFC - systemically important core investment companies, (d) infrastructure debt funds - NBFC, (e) NBFC - micro finance institutions, (f) NBFC – factors, (g) NBFC - mortgage guarantee companies, (h) NBFC - non-operative financial holding companies, (i) NBFC – account aggregator and (j) NBFC – Peer to Peer Lending Platform.

Master Direction – Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as updated ("Master Directions")

The RBI had issued the Master Directions dated September 1, 2016 (updated as on August 2, 2019) which apply to NBFCs who are systemically important NBFCs. These directions apply to the following categories of NBFCs:

(i) every systemically important non-deposit taking NBFC ("**NBFC-ND-SI**") registered with the RBI under the provisions of RBI Act;

(ii) every deposit taking NBFC registered with the RBI under the provisions of RBI Act;

(iii) every NBFC-Factor registered with the RBI under section 3 of the Factoring Regulation Act, 2011 and having an asset size of ₹5,000 million and above;

(iv) every infrastructure debt fund NBFC registered with the RBI under the provisions of RBI Act;

(v) every NBFC – Micro Finance Institutions ("**NBFC-MFIs**") registered with the RBI under the provisions of RBI Act and having an asset size of ₹5,000 million and above; and

(vi) every NBFC – Infrastructure Finance Company registered with the RBI under the provisions of RBI Act and having an asset size of ₹5,000 million and above.

An NBFC-MFI means a non-deposit taking NBFC (other than a company formed and registered under section 25 of the Companies Act, 1956 or or Section 8 of the Companies Act, 2013) that fulfils the following conditions:

(i) an NBFC (those registered in the North Eastern regions of India must maintain a minimum net owned fund of ₹20 million) that extends loans to the micro finance sector shall have a minimum net owned fund of ₹50 million;

(ii) shall ensure that not less than 85% of its net assets are in the nature of "qualifying assets" only the assets originated on or after January 01, 2012 shall have to comply with the qualifying assets criteria.

"Net assets" are defined as total assets other than cash and bank balances and money market instruments.

"Qualifying Assets" is defined as a loan which satisfies the following criteria:-

(i) loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding ₹100,000 or urban and semi-urban household income not exceeding ₹160,000;

(ii) loan amount does not exceed ₹60,000 in the first cycle and ₹100,000 in subsequent cycles;

(iii) total indebtedness of the borrower does not exceed ₹100,000; provided that loan, if any availed towards meeting education and medical expenses shall be excluded while arriving at the total indebtedness of a borrower;

(iv) tenure of the loan not to be less than 24 months for loan amount in excess of ₹30,000 with prepayment without penalty;

(v) loan to be extended without collateral;

(vi) aggregate amount of loans, given for income generation, is not less than 50% of the total loans given by the MFIs; and

(vii) loan is repayable on weekly, fortnightly or monthly instalments at the choice of the borrower.

NBFC-ND-SI means 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.

Multiple lending, Over Borrowing and Ghost Borrowers

(i) NBFC-MFIs can lend to individual borrowers who are not members of a Joint Liability Group ("JLG") or Self Help Group ("SHG") or to borrowers that are members of a JLG or SHG;

(ii) borrower cannot be a member of more than one SHG or JLG;

(iii) not more than two NBFC-MFIs can lend to the same borrower;

(iv) there must be a minimum moratorium period between the grant of the loan and the due date for the repayment of the first instalment. The moratorium period shall not be less than the frequency of repayment; and

(v) recovery of loan given in violation of the regulations should be deferred till all prior existing loans are fully repaid.

Corporate Governance

<u>Constitution of committees:</u> All NBFC-ND-SIs are required to constitute the following committees:

(i) Audit Committee: NBFC-ND-SIs are required to constitute an audit committee consisting of not less than three members of its board of directors;

(ii) Nomination Committee: NBFC-ND-SIs are required to constitute a nomination committee to ensure 'fit and proper' status of proposed/ existing directors.

(iii) Risk Management Committee: NBFC-ND-SIs are required to constitute a risk management committee to manage the integrated risk beside the asset liability management committee.

<u>Fit and proper criteria:</u> All NBFC-ND-SIs are required to (a) maintain a policy approved by the board of directors for the approval for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis in the format prescribed under 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 NBFC-ND-SIs that fit and proper criteria in selection of the directors has been followed and the certificate for quarter ended March should be certified by the statutory auditor.

All NBFC-ND-SIs are required to place before the board of directors, at regular intervals, as may be prescribed by the board 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 NBFC.

(ii) Conformity with corporate governance standards including composition of committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions etc.

All NBFC-ND-SIs 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 the company continuously for more than three years.

All NBFC-ND-SIs shall frame their internal guidelines on corporate governance with the approval of the board of directors which shall be published on the company's website.

In addition, NBFCs with asset size of more than ₹ 50,000 million in categories - Investment and Credit Companies, Infrastructure Finance Companies, Micro Finance Institutions, Factors and Infrastructure Debt Funds are required to appoint a Chief Risk Officer ("**CRO**") with clearly specified role and responsibilities. The CRO is required to function independently so as to ensure highest standards of risk management.

Acquisition or transfer of control

NBFC-ND-SIs 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 except for any shareholding going beyond 26% due to buyback of shares or reduction in capital where it has approval of a competent court where such buyback has to be reported within one month, and (c) any change in the management of the NBFC-ND-SIs which results in change in more than 30% of the directors, excluding independent directors.

Capital Adequacy Requirements

NBFC-ND-SIs are required to maintain a CRAR consisting of Tier I and Tier II capital which should not be less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The

Tier-I capital in respect of applicable NBFCs (other than NBFC-MFIs and IDF-NBFC), at any point of time, was required to not be less than 8.5% by March 31, 2016 and 10% by March 31, 2017.

Asset Classification Norms applicable to all NBFC-MFIs

All NBFC-MFIs shall adopt the following norms:

(i) A "standard asset" means the asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business;

(ii) A "non-performing asset" means an asset for which interest or principal payment has remained overdue for a period of 90 days or more.

Asset Classification Norms applicable to our Company while operating as an NBFC-ND-SI:

Every NBFC-ND-SI shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realization, classify its lease/ hire purchase assets, loans and advances and any other forms of credit into the following classes, namely:

(i) Standard assets;

(ii) Sub-standard assets;

(iii) Doubtful assets; and

(iv) Loss assets.

The class of assets referred to above shall not be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for the upgradation.

(i) A "standard asset" means the asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business;

(ii) A "Sub-standard asset" means (a) an asset which has been classified as non-performing asset for a period not exceeding 18 months. Provided that the period 'not exceeding 18 months' stipulated in this sub-clause shall be 'not exceeding 16 months' for the financial year ending March 31, 2016; 'not exceeding 14 months' for the financial year ending March 31, 2017; and 'not exceeding 12 months' for the financial year ending March 31, 2018 and thereafter; (b) an asset where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms. Provided that the classification of infrastructure loan as a sub-standard asset shall be in accordance with the provisions of the Master Directions;

(iii) A "doubtful asset" means a:

    (a) a term loan, or

    (b) a lease asset, or

    (c) a hire purchase asset, or

    (d) any other asset.

    Which remains a sub-standard asset for a period 'exceeding 18 months' for the financial year ended March 31, 2015; 'exceeding 16 months' for the financial year ended March 31, 2016; 'exceeding 14 months' for the financial year ending March 31, 2017 and 'exceeding 12 months' for the financial year ending March 31, 2018 and thereafter.

(iv) A "loss asset" means loss asset shall mean:

    (a) an asset which has been identified as loss asset by the applicable NBFC or its internal or external auditor or by the Bank during the inspection of the applicable NBFC, to the extent it is not written off by the applicable NBFC; and

(b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

Prudential Norms:

Capital Adequacy: All NBFC-MFIs shall maintain capital adequacy ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregated risk weighted assets. The total of Tier II Capital at any point of time, shall not exceed 100% of Tier I capital.

Provisioning Norms:

The following provisioning norms have to be maintained by NBFC-MFIs:

For non-performing assets meeting "Qualifying Assets" criteria,

(i) provisioning norms for the non-AP portfolio shall be as below:

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 instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

(ii) provisioning norms for AP portfolio shall be as per the provisions of the Master Directions.

Transparency in Interest Rates and pricing of credit

To ensure fair practice in lending, NBFC-MFIs are permitted to have only three components in the pricing of loans viz., the interest charge, the processing charge and the insurance premium (which includes the administrative charges in respect thereof). They are not permitted to charge penalty on delayed payments or to collect any security deposit/ margin from their borrowers. In addition, NBFC-MFIs are subject to pricing stipulations in relation to the ceiling on margins, interest rates, processing fee, administrative charges, penalties and insurance premium. NBFC-MFIs are required to have a standard loan agreement, and provide borrowers with a loan card reflecting details of the loan, including effective rate of interest, other terms and conditions attached to the loan, information which adequately identifies the borrower, acknowledgements by the NBFC-MFI of all repayments including instalments received and final discharge and all 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 the NBFC-MFIs.

Ensuring compliance with conditionalities

Every NBFC-MFI has to be a member of all Credit Information Companies (CICs) established under the Credit Information (Companies Regulation) Act, 2005, provide timely and accurate data to the 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 ("**SRO**") which is recognized by the RBI and will also have to comply with the Code of Conduct prescribed by the SRO.

The responsibility for compliance to all regulations prescribed for NBFC-MFIs lies primarily with the NBFC-MFIs themselves. The industry associations/ SROs also play a key role in ensuring compliance with the regulatory framework. In addition, banks lending to NBFC-MFIs also ensure that systems, practices and lending policies in NBFC-MFIs are aligned to the regulatory framework.

Regulation of excessive interest charged by NBFCs

The board of each NBFC-ND-SI shall 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. The rates of interest and the approach for gradation of risks shall also be made available on the website of the companies 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. 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.

Pricing of credit by NBFCs

(i) Margin cap, cap on the difference between the amount charged to the borrower and the cost of funds to the NBFC-MFI, shall not exceed 10 per cent for large MFIs (loans portfolios exceeding Rs. 100 crore) and 12 per cent for the others.

(ii) The interest rates charged by an NBFC-MFI to its borrowers will be the lower of the following:

 (a) The cost of funds plus margin as indicated in para (i) above; or

 (b) The average base rate of the five largest commercial banks by assets multiplied by 2.75. The average of the base rates of the five largest commercial banks shall be advised by the RBI on the last working day of the previous quarter, which shall determine interest rates for the ensuing quarter.

(iii) NBFC-MFIs shall ensure that the average interest rate on loans sanctioned during a quarter does not exceed the average borrowing cost during the preceding quarter plus the margin, within the prescribed cap.

(iv) The maximum variance permitted for individual loans between the minimum and maximum interest rate cannot exceed 4 per cent.

(v) 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.

(vi) Processing charges shall not be more than 1% of gross loan amount. Processing charges need not be included in the margin cap or the interest cap.

(vii) 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.

Guidelines on private placement of NCDs (maturity of more than 1 year) by NBFCs

NBFCs shall put in place a board approved policy for resource planning which, inter-alia, shall cover the planning horizon and the periodicity of private placement. The NCD guidelines are applicable to issuance of non-convertible debentures with a maturity period of more than one year, and prescribe, among other things, the issuance of private placement of NCDs in two separate categories, those with a maximum subscription of less than ₹10 million and those with a minimum subscription of ₹10 million and above per investor. There shall be a limit of 200 subscribers in respect of issuances with a maximum subscription of less than ₹10 million, and the subscription shall be secured. The minimum subscription per investor shall be ₹20,000, There shall be no limit on the number of subscribers in respect of issuances with a minimum subscription of ₹10 million and above, and the option to create security in favour of subscribers will be with the issuers. For NCDs of maturity up to one year, guidelines on Issuance of Non-Convertible Debentures (Reserve Bank) Directions, 2010, dated June 23, 2010, by Internal Debt Management Department, RBI shall be applicable. An NBFC shall not extend loans against the security of its own debentures (issued either by way of private placement or public issue).

Fair Practices Code for NBFCs

All NBFCs covered under the Master Directions having customer interface are required to adopt a fair practices code. The Master Directions stipulate the form and manner of applications to be made for procuring loans; terms and conditions of the loans; manner of disbursement of loans; and prescribes general conditions on the manner of recovery of loans. The board of directors of the company is required to lay down a grievance redressal mechanism and all NBFCs are required to display the contact details of the grievance redressal officer on their website and at their branches. NBFC-MFIs are required to make necessary organizational arrangements to assign responsibility to designated individuals within the company and establish systems of internal control including audit and periodic inspection, to ensure compliance with the fair practices code. Further, as a measure of customer protection and in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, all NBFCs shall not to charge foreclosure charges/ pre-payment penalties on all floating rate term loans sanctioned to individual borrowers. All NBFCs are required to adopt an interest model taking into account relevant factors such as cost of funds, margin and risk premium. The rate of interest and reasons for charging differential interest is required to be disclosed to the borrower. For recovery of loans, NBFCs should not resort to undue harassment. NBFCs shall also ensure that the staff is adequately trained to deal with the customers in an appropriate manner.

Further, RBI has notified the 'Relaxation of guidelines of NBFCs on securitisation transactions' on November 29, 2018 with respect to the Master Directions. The Minimum Holding Period ("**MHP**") requirement for originating NBFCs securitising / assigning their eligible assets has now been relaxed, in respect of loans of original maturity above five years, to receipt of repayment of six monthly instalments or two quarterly instalments (as the case may be) subject to adherence of minimum retention requirement for such securitisation / assignment transactions to at least: (i)

20% of the book value of the loans being securitised; or (ii) 20% of the cash flows from the assets assigned.

Master Direction (Know Your Customer) (KYC) Direction, 2016

The RBI had issued the Reserve Bank of India (Know Your Customer (KYC) Directions, 2016 dated February 25, 2016 (updated as of May 29, 2019) to follow certain customer identification procedure while undertaking a transaction. These directions are applicable to every entity regulated by RBI specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, all India financial institutions, NBFCs,miscellaneous non-banking companies and residuary non-banking companies, amongst others. Every entity regulated thereunder shall duly adopt a KYC policy which has four elements, namely, customer acceptance policy; risk management policy; customer identification procedures; and monitoring of transactions. The NBFCs shall ensure compliance with the KYC policy through specification of who constitutes 'senior management'; allocation of responsibility for effective implementation of policies and procedures; independent evaluation of policies in place; an internal audit system; and submission of quarterly audit and compliance to the audit committee.

Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 ("Monitoring of Frauds - Master Directions")

The RBI had issued the Monitoring of Frauds - Master Directions dated September 29, 2016 is applicable to all deposit taking NBFCs and NBFC-ND-SIs. All NBFCs covered under the Monitoring of Frauds – Master Directions shall put in place a reporting system for recording of frauds. All frauds are required to be reported to the Frauds Monitoring Cell or Regional Offices of the department of Non-Banking Supervision. All frauds reported in the company shall be disclosed in their balance sheets. 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. All NBFCs covered under the Monitoring of Frauds – Master Directions shall submit a copy of quarterly reports on frauds outstanding to the regional office of the RBI within 15 days of each quarter.

Master Direction – Non – Banking Financial Company Returns (Reserve Bank) Directions, 2016, dated September 29, 2016

The direction lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, including an NBFC-ND-SI.

Guidelines for Relief Measures by NBFCs in areas affected by Natural Calamities, 2016, dated July 28, 2016, issued by the RBI

The RBI extended the applicability of the guidelines issued to banks, in regard to matters relating to relief measures to be provided in areas affected by natural calamities, vide FIDD.No.FSD.BC.52/ 05.10.001/ 2014-15 dated March 25, 2015, FIDD No.FSD.BC.12/ 05.10.001/ 2015-16 dated August 21, 2015 and FIDD.No.FSD.BC.27/ 05.10.001/ 2015-16 dated June 30, 2016, to NBFCs.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017, dated November 9, 2017, issued by the RBI

These directions specify the activities that cannot be outsourced and provide the basis for deciding materiality of outsourcing. It mandates the supervisory requirements and risk management practices to be complied with by every NBFC before outsourcing its activities.

Disbursal of loan amount in cash

NBFCs shall ensure compliance with the requirements under sections 269SS and 269T of the Income Tax Act.

Financial Inclusion by Extension of Banking Services – Use of Business Correspondents

RBI by its notification dated June 24, 2014, as updated by notification dated October 29, 2014, permitted non-deposit taking NBFCs-ND to act as business correspondents of banks, including regional rural banks, allowing them to offer limited services with the aim of accelerating financial inclusion. Permission has been given to the banks to engage the NBFC-ND as business correspondents. Before this notification, the NBFCs could not be appointed as business correspondents which provide limited services on behalf of banks in unbanked areas. On the basis of the recommendations by the Nachiket Mor Committee Report, certain conditions need to be satisfied in order for the banks to engage NBFCs-ND as business correspondents.

These conditions are as follows:

(i) It should be ensured that there is no comingling of bank funds and those of the NBFC-ND appointed as business correspondent;

(ii) There should be specific contractual arrangement between the bank and the NBFC-ND to ensure that possible conflicts of interest are adequately taken care of; and

(iii) Banks should ensure that the NBFC-ND does not adopt any restrictive practices such as offering savings or remittance functions only to its own customers and the forced bundling of services offered by the NBFC-ND and the bank does not take place

Master Direction- Information Technology Framework for the NBFC Sector dated June 8, 2017

These directions are categorised into two parts, those which are applicable to all NBFCs with asset size above ₹500 crore (considered Systemically Important) are provided in the section A ,which recommends Information Technology /Information Security (IT/IS) framework, Business continuity planning (BCP), Disaster Recovery (DR) Management, IT audit etc. and for NBFCs with asset size below ₹500 crore are provided in the section B, which mandates that it has a board approved information technology policy/ Information System policy. It requires to form information technology strategy committee with an independent director as its chairman and formulate an information technology policy subject to the approval of the board.

3. Other Regulations

In addition to the above, our Company is required to comply with the provisions of the Companies Act, FEMA, RBI guidelines on securitisation of standard assets, labour laws, various tax related legislations and other applicable statutes for its day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as Spandana Sphoorty Innovative Financial Services Limited ("**SSIFSL**") on March 10, 2003 at Hyderabad, Andhra Pradesh, India as a public limited company under the Companies Act, 1956. A certificate of commencement of business was issued to SSIFSL on November 11, 2003 by the Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad ("**RoC**"). On October 16, 2004, the Reserve Bank of India ("**RBI**") granted a certificate of registration bearing registration no. N-09.00414 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, pursuant to a special resolution dated November 26, 2007 passed by our Shareholders, the name of our Company was changed to Spandana Sphoorty Financial Limited. Pursuant to a letter dated December 26, 2007, the RBI granted its no objection to the change of name of our Company to Spandana Sphoorty Financial Limited and a fresh certificate of incorporation consequent to change of name was issued by the RoC to our Company on January 3, 2008. Further, a fresh certificate of registration bearing registration no. N-09.00414 pursuant to the change of name was issued by the RBI on January 11, 2008. Our Company was granted NBFC – Microfinance Institution ("**NBFC-MFI**") status by the RBI with effect from April 13, 2015 and a modified certificate of registration bearing registration no. N-09.00414 was issued by the RBI to this effect. For further details of the registrations in relation to the business of our Company, see "*Government and Other Approvals*" on page 411.

For details regarding the description of our activities, products, services, market, growth, technology, managerial competence and standing with reference to prominent competitors, see "*Our Management*", "*Our Business*" and "*Industry Overview*" on pages 164, 129 and 100, respectively.

Changes in Registered Office

The details of change in the registered office of our Company since incorporation are given below:

Date of change of Registered Office	Details of change of the address of the registered office
September 1, 2004	From "Spandana Bhawan", Nayudupet, Pothuru Village, Guntur Rural Mandal, Guntur 522 005, Andhra Pradesh, India to #5-96-2, 6/12, Brodipet, Guntur 522 002, Andhra Pradesh, India
March 29, 2005	From #5-96-2, 6/12, Brodipet, Guntur 522 002, Andhra Pradesh, India to Spandana House, Door No. 8-24-51, Opp: Golden Tobacco Company, Mangalagiri Road, Guntur 522 001, Andhra Pradesh, India
November 2, 2005	From Spandana House, Door No. 8-24-51, Opp: Golden Tobacco Company, Mangalagiri Road, Guntur 522 001, Andhra Pradesh, India to D.No. 7-1-19/5, Vamsi Ram's Jyothi Bhopal Apartments, Opp: Country Club Road, Begumpet, Hyderabad 500 016, Telangana, India
July 2, 2008	From D.No. 7-1-19/5, Vamsi Ram's Jyothi Bhopal Apts, Opp: Country Club Road Begumpet, Hyderabad 500 016, Telangana, India to Plot No. 79, Care Crystal Building, Vinayak Nagar Colony, Gachibowli, Hyderabad 500 032, Telangana, India
November 24, 2015	From Plot No. 79, Care Crystal Building, Vinayak Nagar Colony, Gachibowli, Hyderabad 500 032, Telangana, India to Plot No: 31 and 32, Ramky Selenium Towers, Tower A, Ground Floor, Financial District, Nanakramguda, Hyderabad 500 032, Telangana, India

The changes in the registered office were made to ensure greater operational efficiency and for administrative convenience.

Main Objects of our Company

The main objects contained in the MoA of our Company are as follows:

1. *To carry on the business of providing microfinance services (mainly Non Banking financial services as permitted by the Reserve bank of India) to large number of low income households directly or indirectly, in their villages and slums and thus to help them and their families to improve their standard of living.*

2. *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 term includes, inter alia, 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 term includes, inter alia, agro-processing, mining and quarrying utilities – including water, power and renewable sources of energy – manufacturing, including handicrafts, construction, trade and distribution, transport, and services of all kinds).*

    (iii) *market linkage development (which term includes, inter alia, provision of inputs for and marketing of output of agricultural and industrial development activities including facilities for storage, trading and transport for such inputs and outputs).*

(iv) *habitat development (which term includes, inter alia, purchase, construction, upgradation, extension and modification of buildings and infrastructure for residential, agricultural, commercial or industrial purposes)*

but exclusively targeted to the poor men and women in generation and enhancement of livelihoods in India.

3. *To provide collateral free credit to poor men and women through groups, deliver credits, thrift and savings, insurance and other financial services to them at their group meetings or in a common place of attendance in the cities, towns, villages of India with a view to provide them sustainable livelihood and enhancement of their and their family living conditions based on their needs, skills and traditional livelihood occupations and to carry on the business of Micro Finance.*

4. *To carry on and undertake the business of research, consultancy, technical assistance and training in the fields of development finance and other financial services, as intermediary for other companies or organizations*.

5. *To carry on the business of lending and advancing money, giving credits, on any terms and with or without collateral security to any person, firm, company, body corporate, trust, Individual, Association of persons, households, small and medium enterprises, small scale industries, farmers, etc. by providing loans of any type such as personal, business, corporate, income generation, consumption, consumer, Infrastructure development, housing, agriculture and commodity financing, purchase of machinery, etc. on such terms as may be determined from time to time.*

6. *To enter into guarantees, contracts of indemnity and suretyships of all kinds, to receive money on deposit or loan upon such terms as may be determined from time to time to secure or guarantee in any manner and upon such terms as may be determined from time to time the payment of any sum of money or the performance of any obligation by any person, firm, company, body corporate, trust, Individual, Association of person, households, small and medium enterprises, small scale industries, farmers, etc.*

7. *To act as an agent/ collaborator/ partner with banks, insurance companies, mutual funds and other financial institutions in administering the extension of finance to any person, firm, company, body corporate, trust, Individual, Association of person, households, small and medium enterprises, small scale industries, etc*.

8. *To buy, sell, market or otherwise deal in shares, stocks, securities, bonds, debentures, deposits, certificates, units of other financial investment or savings instruments and finance or make investments in such and related business*.

The main objects as contained in the MoA enable our Company to carry on the business presently being carried out and the activities proposed to be undertaken pursuant to the objects of the Offer. For further details, see "*Objects of the Offer*" on page 92.

Amendments to the MoA

Set out below are the amendments to our MoA:

Date of Shareholders' resolution	**Particulars**
September 26, 2005	Clause V of the MoA was amended to reflect the increase in the authorised share capital of the Company from ₹50,000,000 divided into 5,000,000 Equity Shares of ₹10 each to ₹100,000,000 divided into 10,000,000 Equity Shares of ₹10 each.
July 10, 2006	Clause 1 of the MoA was amended to reflect the present main objects of the MoA of the Company: "*1. To carry on the business of providing Microfinance services (mainly Non Banking financial services as permitted by the Reserve Bank of India) to large number of low income households directly or indirectly, in their villages and slums and thus to help them and their families improve their standard of living.* *5. To carry on the business of lending and advancing money, giving credits, on any terms and with or without collateral security to any person, firm, company, body corporate, trust, Individual, Association of persons, households, small and medium enterprises, small scale industries, farmers, etc. by providing loans of any type such as personal, business, corporate, income generation, consumption, consumer, infrastructure development, housing, agriculture and commodity financing, purchase of machinery, etc. on such terms as may be determined from time to time.* *6. To enter into guarantees, contracts of indemnity and suretyships of all kinds, to receive money on deposit or loan upon such terms as may be determined from time to time and to secure or guarantee in any manner and upon such terms as may be determined from time to time the payment of any sum of money or the performance of any obligation by any person, firm, company, body corporate, trust, Individual, Association of persons, households, small and medium enterprises, small scale industries, farmers, etc.*

Date of Shareholders' resolution	Particulars
	7. To act as an agent/ collaborator/ partner with banks, insurance companies, mutual funds and other financial institutions in administering the extension of finance to any person, firm, company, body corporate, trust, Individual, Association of persons, households, small and medium enterprises, small scale industries, farmers, etc. *8. To buy, sell, market or otherwise deal in shares, stocks, securities, bonds, debentures, deposits, certificates, units of other financial investment or savings instruments and finance or make investments in such and related business."*
June 26, 2007	Clause V of the MoA was amended to reflect the increase in the authorised share capital of the Company from ₹100,000,000 divided into 10,000,000 Equity Shares of ₹10 each to ₹500,000,000 divided into 10,000,000 Equity Share of ₹10 each and 40,000,000 Compulsorily Convertible Preference Shares of ₹10 each.
November 26, 2007	Amended to reflect the change of name of the Company from Spandana Sphoorty Innovative Financial Services Limited to Spandana Sphoorty Financial Limited.
August 1, 2008	Clause V of the MoA was amended to reflect the reclassification of the authorised share capital of the Company from ₹500,000,000 divided into 10,000,000 Equity Shares of ₹10 each and 40,000,000 CCPS of ₹10 each to ₹500,000,000 divided into 16,483,000 Equity Shares of ₹10 each and 33,517,000 CCPS of ₹10 each.
November 27, 2008	Clause V of the MoA was amended to reflect reclassification of the authorised share capital of the Company from ₹500,000,000 divided into 16,483,000 Equity Shares of ₹10 each and 33,517,000 CCPS of ₹10 each to ₹500,000,000 divided into 50,000,000 Equity Shares of ₹10 each.
September 23, 2011	Clause V of the MoA was amended to reflect increase in the authorised share capital of the Company from ₹500,000,000 divided into 50,000,000 Equity Shares of ₹10 each to ₹20,000,000,000 divided into 900,000,000 Equity Shares of ₹10 each and 1,100,000,000 Preference Shares of ₹10 each.
March 6, 2018	Clause V of the MoA was amended to reflect the reclassification and increase in the authorised share capital of the Company from ₹20,000,000,000 divided into 900,000,000 Equity Shares of ₹10 each and 1,100,000,000 Preference Shares of ₹10 each to ₹21,500,000,000 divided into: (i) 900,000,000 Equity Shares of ₹10 each; (ii) 296,500,000 Class A CCPS of ₹10 each; (iii) 150,000,000 Class A1 CCPS of ₹10 each; (iv) 800,000,000 Class B CCPS of ₹10 each; (v) 1,500,000 Series C OCRPS of ₹10 each; (vi) 500,000 FY 18 Series A OCRPS of ₹10 each; (vii) 500,000 FY 18 Series B OCRPS of ₹10 each; (viii) 500,000 FY 19 Series A OCRPS of ₹10 each; and (ix) 500,000 FY 19 Series A OCRPS of ₹10 each.

Major events and milestones of our Company

The table below sets forth the key events in the history of our Company:

Calendar Year	Particulars
2003	• Our Company was incorporated as Spandana Sphoorty Innovative Financial Services Limited
2004	• Our Company obtained NBFC registration
2007	• Our Company received funding from JM Financial and Lok Capital
2008	• Our Company changed its name to Spandana Sphoorty Financial Limited • Our Company received funding from Valiant Capital
2010	• Our Company opted for corporate debt restructuring under the CDR mechanism
2015	• Our Company obtained NBFC – MFI license with effect from April 13, 2015
2017	• Our Company exited from the CDR • Our Company received funding from Kangchenjunga and Kedaara AIF 1
2018	• Our Company received further funding from certain existing shareholders • Our Company acquired Criss Financial as its subsidiary

Awards and Accreditations

We have received the following awards and accreditations:

Calendar Year	Awards and Accreditations
2004	Received alpha plus rating from M-Cril

Calendar Year	Awards and Accreditations
2010	Assigned MFI grading of "mfR1" by CRISIL Limited
2013	Rated "CRISIL D (Reaffirmed)" by CRISIL Limited
2014	Rated "CRISIL D (Reaffirmed)" by CRISIL Limited
2015	Rated "CRISIL D" by CRISIL Limited
2016	• Awarded "The Best Micro Financial Company of the Year 2016" by International Product & Service Awards (IPSA) • Awarded "Best Micro Financial Company in Southern India" by Worldwide Achievers at their Business Leaders Summit & Awards 2016 • Awarded "Regional Best Employer 2016-17" by Employer Branding Institute – India at the 11th Regional Employer Branding Awards
2017	• Rated "ICRA BBB - (Stable)" by ICRA Limited • Awarded "The Most Trusted Micro Financial Company of the Year" at the Rising Leadership Awards 2017 by APS Research and Media • Awarded "Telangana's Best Employer Brand Awards 2017" at the 12th Regional Employer Branding Awards • Awarded "Best NBFC – MFI for Promotional Schemes" runner-up by Chamber of Indian Micro Small & Medium Enterprises (CIMSME) at MSME Banking & NBFC Excellence Awards - 2016
2018	• Upgraded to "ICRA BBB (Positive)" by ICRA Limited • Awarded "The Best Micro Finance Company of the Year" at the Golden Star Awards 2018 by APS Research and Media • Awarded "The Most Trusted Micro Financial Company of the Year (India)" at the National Icon Awards (2018-2019) by APS Research and Media • One of "The 30 Fastest Growing Companies in 2018, which are offering the most cost-effective and profitable business solutions to achieve the client's needs" by Insights Sucess magazine
2019	Upgraded to "[ICRA] A- (Stable)" by ICRA Limited

Lock-outs and Strikes, injunctions or restraining orders

As on the date of this Prospectus, there have been no lock-outs or strikes at any time in our Company and our Company is not operating under any injunction or restraining order.

Details regarding acquisition of business/ undertakings, mergers, amalgamation, revaluation of assets, if any

Our Company has neither acquired any entity, business, undertaking, nor undertaken any merger, amalgamation or revalued its assets since incorporation apart from the acquisition of (i) M.G. Brothers Finance Limited in the year 2007 and its subsequent disposal in the year 2008, and (ii) Criss Financial as a subsidiary in the year 2018.

Capital raising activities through equity and debt

Except as mentioned in "*Capital Structure*" on page 75, our Company has not raised any capital through equity issuances. For details on the outstanding debt facilities of our Company as on July 5, 2019, see "*Financial Indebtedness*" on page 402.

Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans into equity

Except as stated below, there have been no defaults or rescheduling of borrowings with financial institutions/ banks. None of our outstanding loans have been converted into Equity Shares. Also see *"Risk Factors"* and "*History and Certain Corporate Matters – Other Agreements*" on pages 18 and 162, respectively.

With respect to facilities availed from ICICI Bank Limited, there has been a delay of eight days in repayment of loan during April 2017, which has been waived off pursuant to a letter dated May 29, 2018 by ICICI Bank Limited.

Time and cost overruns

Our Company has not implemented any projects and has, therefore, not experienced any time or cost overruns in relation thereto.

Changes in the activities of our Company during the last five years

Our Company has operated as an NBFC since the year 2004. Subsequently, our Company was granted NBFC-MFI status by the RBI with effect from April 13, 2015.

Except as stated above, there have been no changes in the activities of our Company during the last five years which may have had a material effect on the profits and loss account of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors.

Our Shareholders

Our Company has 16 Shareholders as of the date of this Prospectus. For further details, regarding our Shareholders, see "*Capital Structure*" on page 75.

Strategic or Financial Partners

Our Company does not have any financial and strategic partners as of the date of this Prospectus.

Our Holding Company

Kangchenjunga Limited is the holding company of our Company. For details of our holding company, see "*Our Promoters and Promoter Group*" on page 184.

Our Subsidiaries

As on the date of this Prospectus, our Company has two Subsidiaries. Unless stated otherwise, information in relation our Subsidiaries is as on the date of this Prospectus.

Caspian Financial

Corporate Information

Caspian Financial was incorporated on October 13, 2017 under the Companies Act, 2013 as a public limited company. It has its registered office at Plot No. 31 and 32, Ramky Selenium Towers, Tower A, Ground Floor, Financial District, Hyderabad 500 032, Telangana, India.

Caspian Financial is authorised to, *inter alia*, carry on the business of providing long term finance, carry on the business of providing loans, carry on the business of lending and advancing money, carry on the business of financing development activities through term loans and other financing, to enter into guarantees, contracts of indemnity and surety of all kinds, to receive money on deposit or loan, carry on and undertake the business of research, consultancy, technical assistance and training in the fields of development finance and other financial services, act as agent/ collaborator/ partner with banks, insurance companies, mutual funds and other financial institutions, to buy, sell, market or otherwise deal in securities and various financial products and hire purchase of movable properties of any kind.

Capital Structure

The authorised share capital of Caspian Financial is ₹50,000,000 divided into 5,000,000 equity shares of ₹10 each and the issued and paid up share capital of Caspian Financial is ₹20,000,000 divided into 2,000,000 equity shares of ₹10 each.

Shareholding

Our Company directly holds 1,999,994 equity shares of ₹10 each aggregating to 99.99% of the issued and paid up share capital of Caspian Financial. Padmaja Gangireddy, VSRRV, Abdul Feroz Khan, Nageswararao Chennupati, Raju Danttu and Aluri Naveen Rao each hold one equity share (on behalf of our Company) aggregating to 0.00% of the issued and paid up share capital of Caspian Financial.

Criss Financial

Corporate Information

Criss Financial was incorporated under the Companies Act, 1956 as a public limited company, under the name of M.G. Brothers Finance Limited pursuant to certificate of incorporation issued by the RoC, dated August 20, 1992, and received its certificate for commencement of business from the RoC on September 21, 1992. The name was changed from M.G. Brothers Finance Limited to Keertana Financial Limited by way of a fresh certificate of incorporation consequent upon change of name issued by the RoC, dated December 16, 2008. Subsequently, the name was changed to Criss Financial by way of a fresh certificate of incorporation consequent upon change of name issued by the RoC, dated December 13, 2010. It received a certificate of registration from the RoC to carry on the business of an NBFC without accepting public deposits on January 12, 2011. It has its registered office at Plot No. 31 and 32, Ramky Selenium Towers, Tower A, Ground Floor, Financial District, Nanakramguda, Hyderabad 500 032, Telangana, India.

Criss Financial is authorised (i) to carry on the business of providing micro finance services (mainly non banking financial services as permitted by Reserve Bank of India) to large number of low income households directly or indirectly; (ii) to carry on the business of financing, whether by making loans or advances or by purchasing, discounting or accepting bills of exchange, promissory notes or other negotiable instruments, or by giving guarantees or otherwise, for any industrial, trade, commercial or economic activities of individuals, whether incorporated or not and deal in all kinds of properties movable or immovable, including goods, machines, stock in trade, motor vehicles, lands, buildings, bullion, stock, shares, jewels and government bonds; (iii) to carry on the business of marketing and dealing in all kinds of financial products and (iv) to carry on the business of hire purchase of movable properties of any kind including machinery, plant, motor vehicles of all kinds.

Capital Structure

The authorised share capital of Criss Financial is ₹100,000,000 divided into 5,000,000 equity shares of ₹10 each and 5,000,000 preference shares of ₹10 each. The issued and paid up share capital of Criss Financial is ₹48,464,100 divided into 4,846,410 equity shares of ₹10 each.

Shareholding

Our Company directly holds 4,727,346 equity shares of ₹10 each aggregating to 97.54% of the issued and paid up share capital of of Criss Financial. Padmaja Gangireddy, Revan Sahith Reddy Vendidandi, VSRRV, Abdul Feroz Khan, Ch. Venkata Nageswararao and Raju Danttu each hold one equity share (on behalf of our Company) aggregating to 0.00% of the issued and paid up share capital of Criss Financial.

Accumulated Profits or Losses of Subsidiaries not accounted for by us

There are no accumulated profits or losses of our Subsidiaries that are not accounted for by our Company in the Restated Consolidated Financial Statements.

Business Interest

Except as disclosed in "*Our Business*" and "*Related Party Transactions*" on pages 129 and 190, respectively, our Subsidiaries do not have any business interests in our Company.

Common Pursuits among our Subsidiaries and our Company

Criss Financial is in the same line of business as our Company. We shall adopt necessary procedures and practices as permitted under law to address any conflict situations, as and when they arise. There are no common pursuits between Caspian Financial and our Company. For further details, see "*Risk Factors*" on page 18.

Significant Sales/ Purchases between our Subsidiaries and our Company

Our Subsidiaries are not involved in any sales or purchase with our Company where such sales or purchases exceed in value in the aggregate of 10% of the total sales or purchases of our Company.

Summary of Key Agreements and Shareholders' Agreements

1. ***OCCRPS Share Purchase Agreement dated March 21, 2017 entered into amongst thirty seven banks/ financial institutions listed in the schedule to the agreement ("Sellers"), ICICI Bank Limited , India Infoline Finance Limited, Kangchenjunga and Kedaara AIF 1 (Kangchenjunga and Kedaara AIF 1 "collectively "Investors") ("OCCRPS Share Purchase Agreement")***

   Our Company entered into the OCCRPS Share Purchase Agreement pursuant to which 791,007,721 OCCRPS were sold by the Sellers to the India Infoline Finance Limited for a total consideration of ₹2,135.72 million. The OCCRPS were subsequently converted into 791,007,721 Class B CCPS and transferred by India Infoline Finance Limited to the Investors, proportionately. The Class B CCPS were converted into 8,948,425 Equity Shares on May 15, 2018. For more details, see "*Capital Structure – Notes to the Capital Structure*" on page 75.

2. ***Share Subscription Agreement dated March 29, 2017 entered into amongst Padmaja Gangireddy, Kangchenjunga, Kedaara AIF 1 (Kangchenjunga and Kedaara AIF 1, collectively "Investors") and our Company ("Investor Share Subscription Agreement").***

   Our Company entered into the Investor Share Subscription Agreement pursuant to which (i) 8,068,626 Equity Shares of the Company at a price of ₹235.48 per Equity Share and 110,000,008 Class A CCPS at a price of ₹10 each for a total consideration of ₹3,000.00 million; and (ii) 124,999,989 Class A CCPS at a price of ₹10 each for a total consideration of ₹1,249.99 million were subscribed to by the Investors and allotted by our Company, in two tranches. For more details, see "*Capital Structure – Notes to the Capital Structure*" on page 75.

3. ***Shareholders' Agreement dated March 29, 2017 entered into amongst Kangchenjunga, Kedaara AIF 1 (Kangchenjunga and Kedaara AIF 1 collectively, "Investors"), Padmaja Gangireddy, Vijaya Siva Rami Reddy Vendidandi, Bala Deepti Gangireddy, Spandana Employees Welfare Trust, JM Financial Trustee Company Private Limited, Lok Advisory Services Private Limited, Valiant, Helion II, Helion and our Company ("Shareholders' Agreement"), read with the amendment agreement to the Shareholders' Agreement dated April 16, 2018 ("First Amendment Agreement").***

Our Company entered into the Shareholders' Agreement pursuant to which the Investors made an investment in our Company by subscribing to Equity Shares and Class A CCPS in terms of the Investor Share Subscription Agreement. The Shareholders' Agreement records the terms of the parties in relation to the governance, management and control of our Company, the shareholding and transfer of Equity Shares and other securities except the OCCRPS.

In terms of the Shareholders' Agreement, certain parties have the right to nominate directors on board of our Company, as their representative. The Investors have a right to nominate directors to the Board as their representatives, proportionate to the pro rata share of the Investors in the Company ("**Investor Nominee Directors**"). Till such time JM Financial Trustee Company Private Limited holds at least 6.75% of the Equity Share capital, whether individually or collectively, by JM Financial Trustee Company Private Limited and/or its permitted transferees, it has right to nominate one nominee director to the Board ("**JM Financial Nominee Director**"). Padmaja Gangireddy is required to represent herself on the Board and has the right to nominate one additional director ("**Promoter Nominee Director**").

Further, pursuant to the Shareholders' Agreement, Padmaja Gangireddy has undertaken to refrain from competing with our business or otherwise engage in any business activity that may compete with us, two years from the date of the agreement or upon Padmaja Gangireddy ceasing to hold such minimum shares in our Company as prescribed in the Shareholders' Agreement or ceasing to serve in her executive capacity in the Company. Further, Padmaja Gangireddy, our Promoter Group and all existing shareholders other than JM Financial Trustee Company Private Limited have also undertaken to refrain from soliciting our employees, directors, officers, canvassing or soliciting the business or employment of any current client of our Company or inducing any client, vendor or supplier of any group entity or subsidiary(ies) of our Company. Further, pursuant to the Shareholders' Agreement. Under the Shareholders' Agreement, the rights of the Investors include but are not limited to pre-emptive rights, anti-dilution, most favoured rights, the right of first refusal, right of first offer, tag along rights and drag along rights. Further, the Shareholders Agreement provides for exit right which include undertaking an initial public offering.

Subsequently, our Company executed the First Amendment Agreement with the then existing shareholders, whereby the Shareholders Agreement was amended to supplement and amend certain terms of the Shareholders' Agreement vis-à-vis the respective rights and obligations of the Shareholders.

4. ***Amendment agreement to the Shareholders' Agreement dated June 21, 2018 ("Second Amendment Agreement") and the amendment agreement to the Shareholders' Agreement dated July 4, 2019 ("Third Amendment Agreement"), entered into amongst our Company, Kangchenjunga, Kedaara AIF 1, (Kangchenjunga and Kedaara AIF 1 collectively, "Investors"), Padmaja Gangireddy, VSRRV, Deepti Bala Kallam, Spandana Employees Welfare Trust, JM Financial Trustee Company Limited (on behalf of JM Financial India Fund II), JM Financial Products Limited, Valiant, Helion II and Helion (the First Amendment Agreement, the Second Amendment Agreement and Third Amendment Agreement, collectively referred to as the "Amendment Agreements")***

Our Company has entered into the Second Amendment Agreement. Pursuant to the terms of this amendment agreement dated June 21, 2018, all special rights, which will be exercised pursuant to receipt of consent of the Shareholders through a special resolution, except as stated in the amendment agreement dated June 21, 2018, shall stand terminated from such date on which our Equity Shares are listed on the Stock Exchanges pursuant to the Offer. However, the parties to the Shareholders' Agreement have agreed that in terms of the amendment agreement dated June 21, 2018, our Corporate Promoter, Kangchenjunga and our Individual Promoter, Padmaja Gangireddy, shall continue to have the right to appoint nominee directors on our Board notwithstanding the termination of the Shareholders Agreement. In terms of this amendment agreement dated June 21, 2018, at any time on and after the listing of the Equity Shares, subject to Applicable law, and appropriate regulatory and corporate approvals, including but not limited to the approval of the Shareholders, by way of a special resolution, the Corporate Promoter shall have the right to appoint (a) three nominee directors, so long as the Corporate Promoter continues to hold at least 30% of our issued and paid up Equity Share capital, (b) two nominee directors, so long as the Corporate Promoter continues to hold at least 20% of our issued and paid up Equity Share capital, and (c) one nominee director, so long as the Corporate Promoter continues to hold at least 5% of our issued and paid up Equity Share capital. Further, the Corporate Promoter shall continue to have the right to appoint at least one of their nominee directors as a member on the Audit Committee, the Risk Management Committee and the Nomination and Remuneration Committee; and the quorum for all Board meetings of our Company shall require at least one Corporate Promoter nominee director.

In addition to the Corporate Promoter's rights, pursuant to the terms of this amendment agreement dated June 21, 2018, our Individual Promoter, Padmaja Gangireddy shall also continue to have the right, subject to Applicable Law, and appropriate regulatory and corporate approvals, including but not limited to the approval of the Shareholders, by way of a special resolution (a) for a period of three years from the date of listing of the Equity Shares, to continue on our Board and to appoint one nominee director on our Board, irrespective of her shareholding in our Company and irrespective of continuing to hold the position of Managing Director, (b) from the date which is three years after the date of listing of our Equity Shares, in the event that our Individual Promoter is not the Managing Director of our Company, to appoint (I) three nominee directors, so long as the Individual Promoter continues to hold at least 30% of our issued and paid up Equity Share capital, (II) two nominee directors, so long as the Individual Promoter continues to hold at least 20% of our issued and paid up Equity Share capital, and (III) one nominee director, so long as the Individual Promoter continues to hold at least 5% of our issued and paid up Equity Share capital. Further, so long as the Individual Promoter continues to hold 5% or more of our issued and paid up Equity Share capital, she shall continue to be on our Board. Pursuant to the terms of this amendment agreement dated June 21, 2018, from the date which is three years after the date of listing of our Equity Shares pursuant to the Offer, in the event that our Individual Promoter is the Managing Director of our Company, she will continue to have the right to appoint one nominee director on our Board in addition to herself being on our Board, as long as she continues to hold at least 2% of our issued and paid up Equity Share capital. Further, our Individual Promoter shall continue to have the right to appoint at least one of her nominee directors as a member on the Audit Committee, the Risk Management Committee and the Nomination and Remuneration Committee; and the quorum for all Board meetings of our Company shall require at least one Individual Promoter nominee director. Pursuant to the terms of the amendment agreement dated June 21, 2018, our Individual Promoter shall not be liable to retire by rotation from our Board, and subject to applicable law and appropriate corporate approvals, her nominee directors shall not be liable to retire by rotation.

The Amendment Agreements shall *ipso facto* terminate if listing of our Equity Shares is not completed on or before October 12, 2019, as per the Third Amendment Agreement. In the event that the Amendment Agreements are terminated, then the rights of our Shareholders shall be reinstated as per the Shareholders' Agreement, prior to its amendment pursuant to the Amendment Agreements.

5. ***Promoter subscription agreement dated March 31, 2017 entered into amongst Kangchenjunga, Kedaara AIF 1, Padmaja Gangireddy and our Company ("Promoter Subscription Agreement")***

Our Company entered into the Promoter Subscription Agreement pursuant to which: (i) 283,771 partly paid-up FY18 Series A OCRPS; (ii) 283,771 partly paid-up FY 18 Series B OCRPS; (iii) 283,771 partly paid-up FY19 Series A OCRPS; (iv) 283,771 partly paid-up FY19 Series B OCRPS; and (v) 1,135,085 partly paid up Series C OCRPS (collectively, "**Promoter Partly Paid-Up OCRPS**") were allotted to Padmaja Gangireddy. For details, see "*Capital Structure – Notes to the Capital Structure – Preference Share Capital*" on page 75. Pursuant to the Promoter Subscription Agreement, the Promoter Partly Paid-Up OCRPS are required to be converted upon the payment of the balance subscription amounts by Padmaja Gangireddy. The payments of balance subscription amounts is in turn linked to the achievement of pre-determined profitability targets by our Company. The Promoter OCRPS were fully paid up and converted into Equity Shares on June 20, 2018. For details, see "*Capital Structure – Notes to the Capital Structure*" on page 75.

6. ***Share Purchase Agreement dated March 29, 2017 entered into amongst JM Financial Trustee Company Private Limited on behalf of JM Financial India Fund III, JM Financial Investment Managers Limited, Kangchenjunga, Kedaara AIF 1 (together, Kangchenjunga and Kedaara AIF 1 termed as "Investors") and our Company***

The agreement was entered into by our Company pursuant to which 6,582,276 Equity Shares (comprising JM Financial India Fund III – Scheme C holding 1,057,931 Equity Shares and JM Financial India Fund III – Scheme D holding 5,524,345 Equity Shares) were acquired by Kangchenjunga, Kedaara AIF 1 and JM Financial Investment Managers Limited ("**JM Purchaser**").

In terms of this share purchase agreement, (i) 3,268,962 Equity Shares held by JM Financial India Fund III – Scheme C and Scheme D shall be purchased by Kangchenjunga and Kedaara AIF 1 in two tranches (sale of a total of 2,402,687 Equity Shares, of which 2,351,561 Equity Shares was purchased by Kangchenjunga and 51,126 Equity Shares purchased by Kedaara AIF 1, for a total purchase consideration of ₹565.78 million, under the first tranche and sale of 866,275 Equity Shares, of which 847,842 Equity Shares were purchased by Kangchenjunga and 18, 443 Equity Shares were purchased by Kedaara AIF 1 for a total purchase consideration as shall be determined at a later stage, under the second tranche); and (ii) 3,313,314 Equity Shares held by JM Financial India Fund III – Scheme C and Scheme D shall be purchased by the JM Purchaser in two tranches (sale of 2,435,286 Equity Shares for a purchase consideration of ₹578.33 million, under the first tranche and sale of 878,028 Equity Shares for a total purchase consideration as shall be determined in terms of this shareholders' agreement at a later stage, under the second tranche).

7. ***Share Purchase Agreement dated March 27, 2017 entered into amongst Padmaja Gangireddy, Kangchenjunga, Kedaara AIF 1, India Infoline Finance Limited and our Company***

Our Company entered into a share purchase agreement dated March 27, 2017, whereby, the OCCRPS of our Company were transferred to India Infoline Finance Limited and converted into 791,007,721 Class B CCPS which were transferred by India Infoline Finance Limited to Kangchenjunga and Kedaara AIF 1, proportionately.

8. ***Share Purchase Agreement dated April 24, 2017 entered into amongst Padmaja Gangireddy, Kangchenjunga, Kedaara AIF 1 and our Company ("Share Purchase Agreement")***

The Share Purchase Agreement was entered into by our Company pursuant to which 389,849 Equity Shares held by Padmaja Gangireddy were acquired by Kangchenjunga and Kedaara AIF 1.

9. ***Share Purchase Agreement dated April 27, 2017 entered into amongst Lok Advisory Services Private Limited, Kangchenjunga, Kedaara AIF 1 and our Company***

Further, a share purchase agreement dated April 27, 2017 was entered into amongst Lok Advisory Services Private Limited, Kangchenjunga, Kedaara AIF 1 (the Investors) and our Company for the purposes of the sale of 319,065 Equity Shares held by Lok Advisory Services Private Limited of our Company (constituting 100% of their shareholding of our Company) to the Investors (purchase of 312,276 Equity Shares by Kangchenjunga and 6,789 Equity Shares by Kedaara AIF 1. For details of transfers made pursuant to this agreement, see "*Capital Structure – History of the Equity Share Capital held by our Promoters"* on page 79.

Other Agreements

Except as disclosed below, our Company has not entered into any material contracts other than in the ordinary course of business carried on or intended to be carried on by our Company in more than two years preceding this Prospectus.

1. ***Master Restructuring Agreement dated September 24, 2011 entered into amongst certain banks/ financial institutions listed in the schedule to the agreement ("Existing Lenders"), ICICI Bank Limited and our Company ("Master Restructuring Agreement")***

Our Company has entered into the Master Restructuring Agreement in relation to implementing the CDR package approved by the CDR empowered group pursuant to its letter of approval dated June 29, 2011 and further amended by letters dated July 27, 2011 and August 25, 2011 from the CDR cell. Pursuant to the aforesaid approvals, the financial assistance provided by the Existing Lenders to our Company was restructured and additional financial assistance was extended to our Company ("**CDR Package**"). Pursuant to the Master Restructuring Agreement, the existing cash security available with individual banks was adjusted against their existing term debt exposures, thereby decreasing the term debt of our Company to ₹21,467.03 million. Further, it was proposed that out of the adjusted term debt of ₹21,467.03 million, an amount of ₹10,000.00 million be converted into OCCRPS share with a dividend of 0.001% per annum payable and the balance term debt of ₹11,467.03 million be repaid in 72 monthly instalments commencing from April 15, 2012 with interest rate of 12% per annum. Certain Existing Lenders that had subscribed to commercial papers issued by our Company were required to provide a working capital term loan of ₹1,500.00 million.

Pursuant to the terms of the Master Restructuring Agreement, by way of security, certain rights and interests created by our Company in relation to securing any term debt provided by any lender were made to rank *pari passu* with other lenders in relation to restructured terms debt, working capital term loans and all other amounts payable under the CDR related documents. In addition, our Company entered into a deed of hypothecation dated September 13, 2011 in favour of IDBI Trusteeship Services Limited ("**Security Trustee**") over the currents assets (including book debts) and other movable assets of our Company excluding cash collaterals. Our Company was also required to secure all restructured term debt, working capital loans and all amounts payable by way of a pledge of 7,278,371 Equity Shares of our Company (constituting 53.73% of the issued and paid up capital of our Company) and to this effect, Padmaja Gangireddy and Vijaya Siva Rami Reddy Vendidandi entered into a pledge agreement dated September 24, 2011 in favour of IDBI Trusteeship Services Limited.

Further, pursuant to the terms of the Master Restructuring Agreement, certain Existing Lenders had agreed to make available a rupee term loan facility pursuant to a rupee term loan agreement dated April 19, 2014 entered between the existing Lenders, ICICI Bank Limited and our Company, for an aggregate amount of ₹11,502.50 million to our Company and that such Existing Lenders had agreed to differ each principal repayment/ redemption instalment of the CDR debt and OCCRPS due to them by a period of two years commencing from January 2014 until December 2015. Further, pursuant to the security arrangement set out in the terms of the Master Restructuring Agreement, our Company has entered into a security trustee agreement dated April 29, 2014 with ICICI Bank Limited, IDBI Trusteeship Services Limited, certain lender listed as priority lenders in the agreement in relation to creating security in favour of IDBI Trusteeship Services Limited to be held in trust and for the benefit of the relevant parties on behalf of such priority lenders.,

2. ***Settlement Agreement dated March 21, 2017 entered into amongst certain banks/ financial institutions listed in the schedule to the agreement ("Existing Lenders"), ICICI Bank Limited ("Monitoring Institute"), IDBI Trusteeship Services Limited ("Security Trustee") and our Company.***

Our Company entered into separate portfolio assignment transactions with five Existing Lenders, which include, ICICI Bank Limited, erstwhile ING Vyasa Bank Limited, Karnataka Bank Limited, Karur Vyasa Bank Limited and Punjab National Bank ("**Portfolio Assignees**"). Further, in terms of the portfolio assignment transactions, our Company also issued corporate guarantees in favour of such Portfolio Assignees. Pursuant to the CDR, the aforesaid master restructuring agreement and the rupee term loan agreement, our Company agreed to settle all its obligations to the Existing Lenders in relation to the restructured term debt and priority debt outstanding to each Existing Lender and the amounts outstanding under the corporate guarantees issued in favour the Portfolio Assignees. Kangchenjunga and Kedaara AIF 1 ("**Investors**") agreed to make an initial investment in our Company by way of subscribing to our Company's Equity Shares and CCPS for an aggregate amount of approximately ₹3,000 million. In addition, India Infoline Finance Limited purchased the OCCRPS of our Company from the Existing Lenders at a 73% discounted price on the face value. The aforesaid proposal was approved by the CDR Empowered Group in its meeting held on January 22, 2016 for our Company to settle and discharge all its liabilities to the Existing Lenders.

3. ***Memorandum of understanding dated December 9, 2013 entered into between Abhiram Marketing and our Company read with supplemental agreements dated December 31, 2013, September 20, 2014 and March 31, 2016.***

Pursuant to the MoU, Our Company has agreed to leverage our customer network to provide marketing and distribution services to Abhiram Marketing with respect to certain consumer durables products and services of Abhiram Marketing selected by us. Further, as per the terms of the supplemental agreements, Abhiram Marketing is required to pay 13% as commission to our Company for the sale and distribution of products on behalf of Abhiram Marketing. For details, see "*Our Business*" and "*Risk Factors*" on pages 129 and 18.

Guarantees

Our Promoters, who are participating in the Offer for Sale, have not provided any guarantees to any third parties.

OUR MANAGEMENT

Board of Directors

In terms of our Articles of Association, our Company is required to have not more than 15 Directors and not less than three Directors.

As of the date of this Prospectus, our Board comprises of 10 Directors.

The following table sets forth details regarding our Board of Directors:

Sr. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
1.	Deepak Calian Vaidya **Designation**: Non-Executive Chairman and Independent Director **Address**: 251, Suraj Building, Walkeshwar Road, Malabar Hill, Mumbai 400 006, Maharashtra, India **Occupation**: Consultant **Nationality**: Indian **Term**: June 6, 2018 to June 5, 2023 **DIN**: 00337276	74	• Apollo Gleneagles Hospital Limited • Bombay Oxygen Investments Limited (erstwhile Bombay Oxygen Corporation Limited) • Indraprastha Medical Corporation Limited • Marudhar Hotels Private Limited • Stelis Biopharma Private Limited • Strides Pharma Science Limited (erstwhile Strides Shasun Limited) • Solara Active Pharma Sciences Limited • Suntec Business Solutions Private Limited • UTI Capital Private Limited
2.	Padmaja Gangireddy **Designation**: Managing Director **Address**: Flat No. A-208, Jayabheri Orange County, Near ICICI Towers, Nanakramguda, Serilingampally, K.V. Rangareddy, Hyderabad 500 032, Telangana, India **Occupation**: Business **Nationality**: Indian **Term**: April 19, 2019 to April 18, 2022 **DIN**: 00004842	52	• Abhiram Marketing • Caspian Financial • Criss Financial
3.	Jagdish Capoor **Designation**: Non-Executive, Independent Director **Address**: 1601, Brooke Ville, 359 Mogul Lane, Near Magnet Mall, Mahim (West) Mumbai 400 016, Maharashtra, India **Occupation**: Consultant **Nationality**: Indian **Term**: June 6, 2018 to June 5, 2023 **DIN**: 00002516	80	• HDFC Securities Limited • LIC Housing Finance Limited • LIC Pension Fund Limited • LICHFL Trustee Company Private Limited • Manappuram Finance Limited • NEL Holdings Limited (erstwhile Nitesh Estates Limited) • Quantum Trustee Company Private Limited
4.	Bharat Dhirajlal Shah **Designation**: Non-Executive, Independent Director **Address**: 21, Hill Park, Building No. 2 A G Bell Marg, Malabar Hill Mumbai 400 006, Maharashtra, India **Occupation**: Business **Nationality**: Indian **Term**: April 13, 2018 to April 12, 2023 **DIN:** 00136969	72	• 3M India Limited • Apollo Munich Health Insurance Co. Limited • Digikredit Finance Private Limited • Exide Industries Limited • HDFC Securities Limited • Hexaware Technologies Limited • Mahindra Lifespace Developers Limited • Salisbury Investments Private Limited • Strides Pharma Science Limited (erstwhile Stride Shasun Limited) • Tata Sky Limited *Directorship in foreign companies:*

Sr. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
			• Strides Pharma Asia Pte. Limited • Strides Pharma Global Pte. Limited
5.	Abanti Mitra **Designation**: Non-Executive, Independent Director **Address**: Flat No. B-2505, B Wing, Oberoi Woods, Mohan Gokhale Marg, Goregaon (E), Mumbai 400 063, Maharashtra, India **Occupation**: Business **Nationality**: Indian **Term**: May 4, 2017 to May 3, 2022 **DIN**: 02305893	41	• Criss Financial • Development Equities Private Limited • Positron Consulting Services Private Limited
6.	Ramachandra Kasargod Kamath **Designation:** Non-Executive Director* **Address:** B-2004, Neptune Society, Sun City, Adi Shakaracharya Marg, Near Powai IIT Market, Powai, Mumbai 400 076, Maharashtra, India **Occupation:** Management advisor and business mentor **Nationality**: Indian **Term:** Liable to retire by rotation **DIN:** 01715073	63	• Aavas Financiers Limited • Ashimara Housing Private Limited • BQ Padmavathy Finance Academy Private Limited • Centrum Capital Limited • Manipal Technologies Limited • New Opportunity Consultancy Private Limited
7.	Amit Sobti **Designation**: Non-Executive Director* **Address**: 101 Repulse Bay Road, Flat A15, 6/F, Hong Kong, Hong Kong **Occupation**: Service **Nationality**: Indian **Term**: Liable to retire by rotation **DIN**: 07795874	40	*Directorship in foreign companies:* • 2669561 Ontario Limited • 2685018 Ontario Limited
8.	Kartikeya Dhruv Kaji **Designation**: Non-Executive Director* **Address**: The Imperial, Apt 3901, BB Nakashe Marg, Tardeo, Tulsiwadi, Mumbai 400 034, India **Occupation**: Service **Nationality**: Indian **Term**: Not liable to retire by rotation **DIN**: 07641723	36	• Aavas Financiers Limited • Criss Financial
9.	Darius Dinshaw Pandole **Designation**: Non-Executive Director** **Address**: 6, Rajab Mahal, 144 Maharshi Karve Road, Churchgate, Mumbai 400 020, Maharastra, India **Occupation**: Service **Nationality**: Indian **Term**: Liable to retire by rotation **DIN**: 00727320	53	• Credibility Financial Services Private Limited • Fairchem Speciality Limited • JM Financial Asset Management Limited • Mahindra Logistics Limited

Sr. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
10.	Sunish Sharma **Designation**: Non-Executive Director* **Address**: 1305 North Tower, The Imperial, B.B. Nakashe Marg, Tardeo, Tulsiwada, Mumbai 400 034, Maharashtra, India **Occupation**: Business **Nationality**: Indian **Term**: Liable to retire by rotation **DIN**: 00274432	44	Vedant Fashions Private Limited

* *Nominee of Kedaara Capital*
** *Nominee of JM Financial Products Limited*

Relationship between our Directors

None of our Directors are related to each other.

Brief Biographies of Directors

Deepak Calian Vaidya is a Non-Executive Chairman and Independent Director of our Company. He is a fellow of the Institute of Chartered Accountants in England and Wales since 1979. He has served as a director on the board of the directors of Capricorn Securities India Private Limited, Arc Advisory Services Private Limited and Chaityadeep Investments Private Limited. He also serves as a director on the board of directors of Apollo Gleneagles Hospital Limited, Bombay Oxygen Investments Limited (erstwhile Bombay Oxygen Corporation Limited), Indraprastha Medical Corporation Limited, Marudhar Hotels Private Limited, Stelis Biopharma Private Limited, Strides Pharma Science Limited (erstwhile Strides Shasun Limited), Solara Active Pharma Sciences Limited, Suntec Business Solutions Private Limited and UTI Capital Private Limited. He has been a Director on our Board since June 6, 2018.

Padmaja Gangireddy is the Founder and Managing Director of our Company. She holds a bachelors' degree in science and a bachelors' degree in communication and journalism. She attended a course on credit and micro enterprise development from Durham University, UK, a microfinance training program from Naropa University, USA, the HBS-Accion program on strategic leadership for microfinance from Harvard Business School and an executive education programme from Indian School of Business, Hyderabad. She worked at ASSIST (a non-governmental organisation) for seven years and her last held title was deputy director. She founded SRUDO in 1998, became a promoter of the Company in 2003 and has been a Managing Director on the board of directors of the Company since April 19, 2003. She is the founder and promoter of Abhiram Marketing. She also serves as a director on the board of directors of Caspian Financial, Criss Financial and Abhiram Marketing. She has served on the board of MFIN-Microfinance Institutions Network. She has been awarded the "Women Leadership Award for Excellence in Banking & Finance Sector" presented by CMO Asia in 2018, the "Outstanding Achievement Award for Excellence in Banking & Finance" at the International Achievers Conference, 2018 and as one of the "Most Admired Leaders of Asia 2018" by Process Evaluators & Research – BARC Asia & Jury Panel, Herald Global. She has been a Director on our Board since April 19, 2003.

Jagdish Capoor is an Independent Director of our Company. He holds a bachelors' degree in commerce and a masters' degree in commerce from Agra University. He has previously worked as the deputy governor of the Reserve Bank of India for more than four years. He also serves as a director on the board of directors of HDFC Securities Limited, LIC Housing Finance Limited, LIC Pension Fund Limited, LICHFL Trustee Company Private Limited, Manappuram Finance Limited, NEL Holdings Limited (erstwhile Nitesh Estates Limited) and Quantum Trustee Company Private Limited. He has been a Director on our Board since June 6, 2018.

Bharat Dhirajlal Shah is an Independent Director of our Company. He also holds a certificate from the University of Bombay in financial management and a national diploma in applied chemistry from Borough Polytechnic, London. He is the chairman of HDFC Securities Limited and a co-founder of HDFC Bank Limited. He joined HDFC Bank Limited as an executive director in 1994 and has held the positions of head – custody and depository, retail, human resources, private banking, infrastructure and merchant services for a period of 12 years. He continues to be associated with HDFC Bank Limited as an advisor. He also serves as director on the board of directors of 3M India Limited, Apollo Munich Health Insurance Co. Limited, Digikredit Finance Private Limited, Exide Industries Limited, HDFC Securities Limited, Hexaware Technologies Limited, Mahindra Lifespace Developers Limited, Salisbury Investments Private Limited, Strides Pharma Science Limited (erstwhile Strides Shasun Limited), Strides Pharma Asia Pte. Limited, Strides Pharma Global Pte. Limited and Tata Sky Limited. He has been a Director on our Board since April 13, 2018.

Abanti Mitra is an Independent Director of our Company. She holds a post graduate diploma in rural management from Institute of Rural Management, Anand. She has previously worked as an executive with Astra Marine Private Limited for one year, a management executive at Micro-Credit Ratings International Limited for two years, and a manager with ICICI Bank Limited for approximately three years. She also serves as a director on the board of directors of Development Equities Private Limited, Positron Consulting Services Private Limited and Criss Financial. She has served as a Director on our Board previously from 2012 to 2016. She has been a Director on our Board since May 4, 2017.

Ramachandra Kasargod Kamath is a Nominee Director of our Company and is appointed by Kedaara Capital. He holds a bachelors' degree in Commerce from University of Mysore. He is an honorary fellow of the Indian Institute of Banking & Finance since 2009. He was certified as an associate of the Indian Institute of Bankers in 1994. He has previously worked with Corporation Bank for 29 years, where his last held position was general manager. He has worked as chairman and managing director with Punjab National Bank for five years. He was an executive director at Bank of India for over two years and also the chairman and managing director at Allahabad Bank for over one year. He held the post of chairman of the Indian Banks Association for about two years. He also serves as a director on the board of directors of Aavas Financiers Limited, Ashimara Housing Private Limited, BQ Padmavathy Finance Academy Private Limited, Centrum Capital Limited, Manipal Technologies Limited and New Opportunity Consultancy Private Limited. He has a proprietory concern named K Ramachandra Kamath for management advisory services rendered by him. He has been a Director on our Board since May 4, 2017.

Amit Sobti is a Nominee Director of our Company and is appointed by Kedaara Capital. He holds a bachelor of arts degree (*magna cum laude*) in business economics and computer science from Brown University. He is currently a senior principal at Ontario Teachers' Pension Plan (Asia) Limited were he leads in advising on private capital investments in India. He has been in this role since 2016. He has over 15 years of experience in private equity, including over two years with Unitas Capital Private Limited, nine years with Warburg Pincus LLC, and two years with Rhone Group LLC. He also serves as Director and President of 2669561 Ontario Limited and 2685018 Ontario Limited. He has been a Director on our Board since May 29, 2017.

Kartikeya Dhruv Kaji is a Nominee Director of our Company and is appointed by Kedaara Capital. He holds a bachelors' degree in arts (economics) from the Dartmouth College, New Hampshire and a master's degree in business administration (finance and entrepreneurial management) from the Wharton School of the University of Pennsylvania. Kartikeya Dhruv Kaji currently serves as a Principal at Kedaara Capital Advisors LLP. He has previously worked with Perella Weinberg Partners and Merrill Lynch in New York, and with Temasek Holdings Advisors India Private Limited. He has been a Director on our Board since March 31, 2017.

Darius Dinshaw Pandole is a Nominee Director of our Company and is appointed by JM Financial Products Limited. He holds a bachelors' degree in Arts from Harvard University and a masters' degree in Business Administration from the University of Chicago. He is the managing director and chief executive officer – PE and Equity AIFs at JM Financial Limited. Prior to this, he was a partner at New Silk Route Advisors, a private equity advisory firm primarily focussed on India. He was also an executive director at IDFC Asset Management Company Limited, which managed the India Development Fund, an infrastructure focused private equity fund. He also serves as a director on the board of directors of Credibility Financial Services Private Limited, Fairchem Speciality Limited, JM Financial Asset Management Limited and Mahindra Logistics Limited. He has been a Director on our Board since July 18, 2017.

Sunish Sharma is a Nominee Director of our Company and is appointed by Kedaara Capital. He holds a bachelors' degree in Commerce (Hons.) from the University of Delhi and a masters in business administration from Indian Institute of Management, Calcutta, where he was awarded the Dr. Joginder Kumar Chowdhury Gold Medal. He has also passed the final examination at the Institute of Cost and Works Accountants of India (now known as Institute of Cost Accountants of India) and is a qualified cost accountant. He has previously worked with McKinsey & Co. for six years and at the time of leaving he held the position of engagement manager. He has also worked with General Atlantic for eight years where his last held position was managing director. He is the managing partner and co-founder of Kedaara Capital Advisors LLP. He has extensive private equity investment experience in business services and technology, healthcare, financial services and consumer sectors. He is also a co-founder of the Ashoka University and the Young India Fellowship, an initiative that was launched in collaboration with the University of Pennsylvania's School of Engineering and Applied Sciences. He was one of the authors of the NASSCOM-McKinsey Report on "Strategies to achieve the Indian IT industry's aspiration". He was featured on the list of "Asia's 25 most influential people in private equity" by the Asian Investor magazine published in the year 2013, and also on the list of "Hottest Young Executives" in the Business Today magazine published in the year 2011. He also serves as a director on the board of directors of Vedant Fashions Private Limited. He has been a Director on our Board since March 31, 2017.

Confirmations

None of our Directors is or was a director of any listed company during the last five years preceding the date of this Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

Except for our Director, Sunish Sharma who was a director of a company, namely Manjushree Technopack Limited, upto October 10, 2018, which was delisted as per the details provided below, none of Directors is or was a director of any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company:

S. No.	Particulars	Details
(A)	Name of the company	Manjushree Technopack Limited
(B)	Name of the stock exchange(s) on which the company was listed	BSE Limited and the NSE
(C)	Date of delisting on stock exchanges	March 24, 2015
(D)	Whether delisting was compulsory or voluntary	Voluntary Delisting
(E)	Reasons for delisting	For efficient competitive management
(F)	Whether the company has been relisted	No
(G)	Date of relisting	Not Applicable
(H)	Term of directorship in the company	Nominee director, retirement by rotation as per article of association. Resigned with effect from October 10, 2018

The delisting of Manjushree Technopack Limited was prior to the appointment of Sunish Sharma as a director on the board of Manjushree Technopack Limited. Kedaara AIF 1 was not an investor of Manjushree Technopack Limited when it got delisted

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person either to induce them to become or to help them qualify as a Director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

None of the Directors have committed any violation of securities law in the past and no such proceeding (initiated by SEBI or otherwise) are pending against any of the Directors.

Terms of appointment of the Executive Director

The terms of appointment of Padmaja Gangireddy, our Managing Director, are as per the resolutions passed at the board meeting dated April 14, 2016, at the AGM dated August 19, 2016, at the board meeting dated July 25, 2017, at the AGM dated August 24, 2017 and the board meeting dated August 14, 2018, and at the board meeting dated February 8, 2019 and the EGM dated March 11, 2019.

Term	From April 19, 2019 to April 18, 2022
Compensation and benefits	She was paid a gross salary of ₹2,250,000 per month, for the Financial Year 2016. Pursuant to a resolution dated July 25, 2017 passed by our Board, subsequently approved by the Shareholders pursuant to resolution dated August 24, 2017, it was decided to increase her remuneration to ₹30,000,000 per annum (fixed salary) with effect from April 1, 2017 to April 19, 2019. Pursuant to a resolution dated February 8, 2019 passed by our Board, subsequently approved by the Shareholders pursuant to resolution dated March 11, 2019, her remuneration continues to be ₹30,000,000 per annum (Fixed Component) from April 19, 2019 to April 18, 2022. Additionally, the variable salary component to be paid in addition to the Fixed Component as per the board meeting dated May 17, 2019 is: 1. Variable Salary: The following shall be the variable component of the salary, paid in addition to the Fixed Component: (1) In the event that the Company's Profit before Tax is greater than ₹5,500 million for FY 2019-20, ₹7,000 million for FY 2020-21 and ₹8,750 million for FY 2021-22, the Variable Salary shall be equivalent to 75% (seventy five percent) of the Fixed Component. (2) In the event that the Company's Profit before Tax is less than as mentioned in point (i) and greater than or equal to ₹5,100 milion for FY 2019-20, ₹5,800 million for FY 2020-21 and ₹6,700 million for FY 2021-22, the Variable Salary shall be equivalent to 37.5% (thirty seven point five percent) of the Fixed Component. 2. Other Benefits: • Entitlement of leave and its encashment as per rules of the Company • Contribution to provident fund: As per rules of the Company • Gratuity: As per rules of the Company • Company (owned and maintained) car and telephone (both mobile and land lines), fax and internet at residence for official and personal use. • Provision of personal secretary. • Reimbursement of expenses: Expenses incurred for travelling, board and lodging during business trips and provision of car(s) for use on Company's business and communication expenses at residence shall be reimbursed on actual basis and not considered as perquisites. • The Managing Director is not subject to retire by rotation.

Payment or benefit to Directors of our Company

The sitting fees and other remuneration paid to our Directors for Fiscal 2019 are as follows:

Remuneration to Executive Director:

Our Company has paid a gross salary of ₹53.75 million to our Managing Director in Fiscal 2019.

Remuneration to Non-Executive Directors:

Except as disclosed below, our Company has not paid sitting fees and other remuneration, to any of our other non-executive Directors. All reasonable expenses including reasonable out of pocket expenses incurred by the Directors for attending Board meetings or committee meetings of the Company, in connection with the Directors' performing their duties as Directors are borne by the Company.

Our Company has, pursuant to a resolution of our Board, dated June 28, 2019, subsequently approved by the Shareholders pursuant to resolution dated July 11, 2019, fixed annual fee for each of the non-executive directors (including independent directors) of the Company up to ₹2,000,000, inclusive of sitting fees for attending the meetings of our Board or any committee thereof, to commensurate with the time devoted and the contribution made by them.

The details of total expense incurred by our Company towards fees paid to the non-executive Directors during Fiscal 2019 is as follows:

S.No.	Name of the Director	Fees paid (₹ in million)
1.	Sunish Sharma	NIL
2.	Darius Dinshaw Pandole	NIL
3.	Kartikeya Dhruv Kaji	NIL
4.	Amit Sobti	NIL
5.	Ramachandra Kasargod Kamath	2.00
6.	Abanti Mitra	1.00
7.	Vijay Bhaskar Pedamallu(1) (2)	NIL
8.	Bharat Dhirajal Shah(3)	2.00
9.	Deepak Calian Vaidya(4)	1.67
10.	Jagdish Capoor(5)	1.67

(1) *Appointed to our Board with effect from March 3, 2018*
(2) *Ceased to be on our Board with effect from May 4, 2018*
(3) *Appointed to our Board with effect from April 13, 2018*
(4) *Appointed to our Board with effect from June 6, 2018*
(5) *Appointed to our Board with effect from June 6, 2018*

Arrangement or understanding with major Shareholders, customers, suppliers or others

Except for our Nominee Directors, namely, Sunish Sharma, Kartikeya Dhruv Kaji, Ramachandra Kasargod Kamath and Amit Sobti, who are the Nominee Directors of Kedaara Capital, and Darius Dinshaw Pandole, who is the Nominee Director of JM Financial Products Limited, who have been appointed pursuant to the Shareholders' Agreement dated March 29, 2017, as amended, none of our directors have an arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on our Board or as a member of the senior management.

Shareholding of Directors in our Company

Except as disclosed below, none of our Directors hold any Equity Shares:

Name of Director	Number of Equity Shares	Pre-Offer Percentage Shareholding (%)	Post-Offer Percentage Shareholding (%)
Padmaja Gangireddy	11,670,067	19.57	18.15
Abanti Mitra	4,247	0.01	0.01

For details on the build up of our Promoter, refer to *"Capital Structure – Build up of our Promoters' shareholding in our Company*" on page 79.

Our Articles of Association do not require our Directors to hold any qualification shares.

Interest of Directors

All Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors have no interest in any property acquired by our Company within two years prior to the date of the Draft Red Herring Prospectus and until the date of this Prospectus or presently intended to be acquired by our Company or in any transaction for acquisition of land, construction of building and supply of machinery.

Except for Padmaja Gangireddy who is our Individual Promoter, and the Nominee Directors appointed by Kedaara Capital, none of our Directors have any interest in the promotion of our Company. For details, see "*Our Promoters and Promoter Group*" on page 184.

Some of our Directors are interested in the Equity Shares, if any, held by them or Equity Shares that may be subscribed by or allotted to them, their relatives or to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer. Our Directors may also be deemed to be interested to the extent of employee stock options held by them or that may be granted to them from time to time under the Spandana ESOP Scheme 2018. For details on the shareholding of Directors in our Company, refer to "*Our Management – Shareholding of Directors in our Company*" on page 169.

Except as disclosed in "*Our Promoters and Promoter Group*" and "*Related Party Transactions*" on pages 184 and 190, respectively and any sitting fees or remuneration paid to our Directors, no amount or benefit has been paid, or given, within the two years preceding the date of filing of this Prospectus or is intended to be paid, or given, to any of our Directors. Some of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them or the shareholder they represent.

No loans have been availed by our Directors from our Company and Subsidiaries.

Except for inter-corporate advances granted to (i) Criss Financial, in which our Managing Director, Padmaja Gangireddy is interested (director in Criss Financial), and our non-executive directors, i.e., Abanti Mitra and Kartikeya Kaji are interested (directors in Criss Financial), and (ii) Abhiram Marketing, in which our Managing Director, Padmaja Gangireddy (director in Abhiram Marketing) is interested, by our Company, none of the beneficiaries of loans, advances and sundry debtors are related to our Directors. For details, see "*Related Party Transactions*" on page 190.

None of our Directors are party to any bonus or profit sharing plan of our Company.

Our Nominee Directors may be deemed to be interested to the extent of the shareholding in our Company of the entities nominating them. Some of the Directors may be deemed to be included in the contract/ arrangement entered into or to be entered into by our Company with any company in which our Directors hold directorship or any partnership firm in which they are parties.

Business interest

Except as stated in this chapter and "*Related Party Transactions*" on page 190, our Directors do not have any other interest in our business of our Company.

Except as disclosed under "– *Terms of appointment of the Executive Director*" on page 168, none of our Directors have entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment, except any options which may be granted to them under the Spandana ESOP Scheme 2018, and statutory benefits payable upon termination of employment in our Company or upon retirement.

Changes in our Board in the last three years

Name	Date of Appointment/ Resignation/ Redesignation	Reason
Abanti Mitra	November 1, 2016	Resigned as Independent Director
Natarajan Ranganathan	November 1, 2016	Resigned as Nominee Director of Helion II
Kartikeya Dhruv Kaji	March 31, 2017	Appointed as Nominee Director of Kedaara Capital
Sunish Sharma	March 31, 2017	Appointed as Nominee Director of Kedaara Capital
Perur Seshappa Prasad	March 31, 2017	Resigned as Director
Annapureddy Gopalareddy	April 25, 2017	Resigned as Independent Director
Sundaram Ramakrishnan	May 2, 2017	Resigned as Nominee Director of SIDBI
Abanti Mitra	May 4, 2017	Appointed as Additional Director (Independent)
Ramachandra Kasargod Kamath	May 4, 2017	Appointed as Additional Director (Independent)
Amit Sobti	May 29, 2017	Appointed as Nominee Director of Kedaara Capital
Darius Dinshaw Pandole	May 19, 2017	Appointed as Nominee Director of JM Financials
Darius Dinshaw Pandole	July 18, 2017	Withdrawal of nomination by JM Financials
Darius Dinshaw Pandole	July 18, 2017	Appointed as Nominee Director of JM Financial Products
Abanti Mitra	August 24, 2017	Appointed as Additional Director (Independent)
Ramachandra Kasargod Kamath	August 24, 2017	Appointed as Additional Director (Independent)
Madhav Rao Potturi	October 18, 2017	Resigned as Independent Director
Vijay Bhaskar Pedamullu	March 3, 2018	Appointed as Additional Director (Independent)
Bharat Dhirajlal Shah	April 13, 2018	Appointed as Additional Director (Independent)
Vijay Bhaskar Pedamullu	May 4, 2018	Deceased

Name	Date of Appointment/ Resignation/ Redesignation	Reason
Deepak Calian Vaidya	June 6, 2018	Appointed as Additional Director (Independent)
Jagdish Capoor	June 6, 2018	Appointed as Additional Director (Independent)
Ramachandra Kasargod Kamath	June 14, 2018	Redesignated as Non-Executive - Nominee Director of Kedaara Capital
Deepak Calian Vaidya	June 14, 2018	Redesignated as Chairman

Borrowing Powers of Board

In accordance with the Articles of Association and pursuant to a resolution dated June 14, 2018 passed by our Shareholders, our Board is authorised to avail loans from time to time, with or without security and on such terms and conditions as our Board may deem fit, provided the total amount of monies including money already borrowed by our Company (excluding temporary loans obtained from bankers of our Company in the ordinary course of business) shall not at any time exceed the limit of ₹80,000 million, irrespective of the fact that such aggregate amount of borrowings outstanding at any one time may exceed the aggregate for the time being of the paid up capital of our Company and its free reserves not set apart for any specific purpose. Further, pursuant to a resolution dated July 11, 2019 passed by our Shareholders, our Board is authorised to make offer(s) or invitation(s) to subscribe to and allot unsubordinated or subordinated, perpetual or non-perpetual, listed or unlisted, secured or unsecured, NCDs on a private placement basis during a period of one year from passing of the resolution upto an amount not exceeding ₹20,000 million, on such terms and conditions as the Board or any committee thereof may decide, in its absolute discretion.

Corporate Governance

In addition to the corporate governance provisions under the Companies Act, 2013, which are currently applicable to us, the corporate governance provisions of the SEBI Listing Regulations will also become applicable to us immediately upon the listing of the Equity Shares on the Stock Exchanges.

Currently, our Board has 10 Directors, including two women directors. In compliance with the requirements of SEBI Listing Regulations, we have one Executive Director, four Independent Directors and five Non-Executive Directors on our Board.

We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations and the Companies Act, in respect of corporate governance including constitution of our Board and committees thereof.

Our Board functions either as a full board or through various committees constituted to oversee specific operational areas. The executive management provides our Board detailed reports on its performance periodically.

Committees of our Board

In addition to the committees of our Board detailed below, our Board may from time to time, constitute committees for various functions.

Audit Committee

The members of the Audit Committee are:

1. Abanti Mitra (Chairperson) (Designation: Non-Executive Director);

2. Bharat Dhirajlal Shah (Designation: Non-Executive Director);

3. Kartikeya Dhruv Kaji (Designation: Non-Executive Director);

4. Deepak Calian Vaidya (Designation: Non-Executive Director); and

5. Jagdish Capoor (Designation: Non-Executive Director).

The Audit Committee was constituted by a meeting of our Board held on May 15, 2018 by demerging the erstwhile Audit and Risk Management Committee and was last reconstituted by meetings of our Board held on June 14, 2018 and November 14, 2018. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and SEBI Listing Regulations and its terms of reference include the following:

(a) Overseeing the Company’s financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(b) Recommending to the Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the statutory auditor, internal auditor and cost auditor;

(c) Reviewing and monitoring the auditor's independence and performance and the effectiveness of audit process;

(d) Approving payments to the statutory auditors, internal auditor and cost auditor, for any other services rendered by them;

(e) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

(i) Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013;

(ii) Changes, if any, in accounting policies and practices and reasons for the same;

(iii) Major accounting entries involving estimates based on the exercise of judgment by management;

(iv) Significant adjustments made in the financial statements arising out of audit findings;

(v) Compliance with listing and other legal requirements relating to financial statements;

(vi) Disclosure of any related party transactions; and

(vii) Qualifications and modified opinions in the draft audit report.

(f) Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

(g) Scrutiny of inter-corporate loans and investments;

(h) Valuation of undertakings or assets of the Company, wherever it is necessary;

(i) Evaluation of internal financial controls and risk management systems;

(j) Approval or any subsequent modification of transactions of the Company with related parties;

Explanation: *The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.*

(k) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

(l) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;

(m) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;

(n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(o) Discussion with internal auditors on any significant findings and follow up thereon;

(p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(q) Discussion with statutory auditors, internal auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(r) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(s) Approval of appointment of the chief financial officer (*i.e.*, the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

(t) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;

(u) Carrying out any other functions as provided under the Companies Act, the Listing Regulations and other applicable laws;

(v) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;

(w) To review the financial statement with respect to its subsidiaries, if any, in particular investments made by the unlisted subsidiaries;

(x) To examine the efficacy of audit functions and systems and suggesting steps on a periodic basis (quarterly, half yearly) for its improvement.

(y) To facilitate smooth conduct of audits by external agencies, Statutory Auditors, Reserve Bank of India (RBI), lenders and any other external auditors as appointed by the Company or any other stakeholders (lenders, shareholders, regulators, government etc.)

(z) To report, on a quarterly basis, the key findings of the quarter , as well as the action taken report on the same for previous quarters, to the Board of Directors.

(aa) To review compliance of various inspections and audit reports of internal, concurrent and statutory auditors and commenting on the action taken report prepared by the management and ensuring submission to the Board of the Company from time to time.

(bb) To monitor and review all frauds that may have occurred in the Company involving an amount of Rs. 0.1 million and above or as decided from time to time.

(cc) To report such frauds and other flag-offs to the Board of Directors regulators and other stakeholders, as the case warrants, along with the extent of losses. This would include drafting a calendar of reporting frauds and the remedial measures taken, to the Board of the Company.

(dd) To conduct a root cause analysis and identify the systemic lacunae, if any, that may have facilitated perpetration of the fraud and put in place measures to rectify the same. Also, to ascertain reasons for delay in detection of such frauds, if any.

(ee) To ensure the staff accountability is examined at all levels in all the cases of frauds and actions, if required, is completed quickly without loss of time.

(ff) To review efficacy of remedial actions taken to prevent recurrence of frauds, such as strengthening internal controls and putting in place other measures as may be considered relevant to strengthen preventive mechanism.

(gg) Reviewing and recommending to the board of directors of the Company potential risks involved in any new business plans and processes; and

(hh) Framing, devising, monitoring, assessing and reviewing the risk management plan and policy of the Company from time to time and recommend for amendment or modification thereof;

(ii) Any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable laws.

The Audit Committee met four times in Fiscal 2019 (one meeting was as part of the former Audit and Risk Management Committee).

Risk Management Committee

The members of the Risk Management Committee are:

1. Ramachandra Kasargod Kamath (Chairman) (Designation: Non-Executive Director);

2. Bharat Dhirajlal Shah (Designation: Non-Executive Director);

3. Kartikeya Dhruv Kaji (Designation: Non-Executive Director);

4. Darius Dinshaw Pandole (Designation: Non-Executive Director); and

5. Jagdish Capoor (Designation: Non-Executive Director).

The Risk Management Committee was constituted by our Board of Directors at their meeting held on May 15, 2018 by demerging the erstwhile Audit and Risk Management Committee and was last reconstituted by a meeting of our Board held on November 14, 2018. The terms of reference of the Risk Management Committee include the following:

(a) To review the Company's risk management policies in relation to various risks;

(b) To review the risk return profile of the Company. Capital adequacy based on risk profile of the MFI's balance sheet, business continuity plan and disaster recovery plan, key risk indicators and significant risk exposures and implementation of enterprise rick management; and

(c) To hold such risk reviews to ensure adequate monitoring as may be felt necessary by the internal as well as external stakeholders and to apprise the Board of the Company on a periodic basis.

The Risk Management Committee met four times in Fiscal 2019, where one meeting was part of the former Audit and Risk Management Committee.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

1. Abanti Mitra (Chairperson) (Designation: Non-Executive Director);

2. Kartikeya Dhruv Kaji (Designation: Non-Executive Director);

3. Ramachandra Kasargod Kamath (Designation: Non-Executive Director);

4. Deepak Calian Vaidya (Designation: Non-Executive Director); and

5. Jagdish Capoor (Designation: Non-Executive Director).

The Stakeholders' Relationship Committee was constituted by our Board of Directors at their meeting held on May 15, 2018 and was last reconstituted by a meeting of our Board held on November 14, 2018. The terms of reference of the Stakeholders' Relationship Committee, as amended by the Board of the Company at their meeting dated February 8, 2019, include the following:

a. Various aspects of interest of shareholders, debenture holders and other security holders, including compliants related to the transfer of shares, including any non receipt of share certificates and review of cases for refusal of transfer/ transmission of shares and debentures, non-receipt of balance sheet, non-receipt of annual reports, non-reciept of declared dividends, issue of new/ duplicate certificates, general meetings, or any other documents or information to be sent by the Company to its shareholders, etc. and assisting with quarterly reporting of such complaints;

b. Allotment of shares, approval of transfer or transimission of shares, debentures or any other securities;

c. Dematerialisation of shares and re-materialisation of shares, issue of duplicate certificates and new certificates on split/ consolidation/ renewal;

d. Overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services;

e. Review of measures taken for effective exercise of voting rights by shareholders;

f. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;

g. 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; and

h. Carrying out any other function as prescribed under ther Listing Regulations, Companies Act, 2013 and the rules and regulations made thereunder, each as amended or other applicable laws.

The Stakeholders' Relationship Committee met two times in Fiscal 2019.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Bharat Dhirajlal Shah (Chairman) (Designation: Non-Executive Director);

2. Abanti Mitra (Designation: Non-Executive Director); and

3. Kartikeya Dhruv Kaji (Designation: Non-Executive Director).

The Nomination and Remuneration Committee was constituted by a meeting of our Board held on February 21, 2013 and was last re-constituted by a meeting of our Board held on May 15, 2018. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

a) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees in accordance with Section 178(4) of the Companies Act, 2013;

b) Formulation of criteria for the performance of evaluation of independent directors and the Board;

c) Devising a policy on Board diversity;

d) Identify persons who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

e) To determine key performance indicators of senior executives of the Company and specify deliverables for the executive in line with the business plan of the Company.

   "Senior executives to include the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Whole Time Directors, the Head of Departments of various functions and other key managerial personnel as decided from time to time in consultation with the Board of the Company and other stakeholders."

f) To objectively examine the annual manpower plan in relation to the business plan of the company and to examine management recommendations regarding manpower strategy and suggest corrective actions, if required;

g) To finalise top tier organization structure including top field level functionaries and direct reportees on a periodical basis or as and when required;

h) To evaluate and approve the compensation packages of above mentioned persons with particular reference to fixed and variable pay (including bonuses and Employees Stock Options);

i) To recommend to the Board a policy, relating to remuneration for the Directors and Key Managerial Personnel;

j) Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

k) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, including the following:

   (a) administering employee stock option schemes, employee stock purchase schemes, stock appreciation rights schemes, general employee benefits scheme and retirement benefit schemes ("**Schemes**");

   (b) delegating the administration and superintendence of the Schemes to any trust set up with respect to the Schemes;

   (c) formulating detailed terms and conditions for the Schemes including provisions specified by the Board of Directors of the Company in this regard;

   (d) determining the eligibility of employees to participate under the Schemes;

   (e) granting options to eligible employees and determining the date of grant;

   (f) determining the number of options to be granted to an employee;

   (g) determining the exercise price under of the Schemes; and

(h) construing and interpreting the Plan and any agreements defining the rights and obligations of the Company and eligible employees under the Schemes, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the Schemes.

l) Framing suitable policies and systems to ensure that there is no violation of securities laws by, the Company, its employees or trust set up with respect to the Schemes, if any, of any applicable laws in India or overseas, including:

(i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and

(ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended;

m) Determine whether to extend or continue the terms of appointment of the independent directors, on the basis of the report of performance evaluation of independent directors; and

n) Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.

The Nomination and Remuneration Committee met four times in Fiscal 2019.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

(a) Ramachandra Kasargod Kamath (Chairman) (Designation: Non-Executive Director);

(b) Abanti Mitra (Designation: Non-Executive Director); and

(c) Padmaja Gangireddy (Designation: Managing Director).

The Corporate Social Responsibility Committee was constituted by our Board pursuant to a resolution dated August 6, 2014, and was last reconstituted pursuant to a resolution of our Board dated July 25, 2017. The terms of reference, powers, quorum and other matters in relation to the Corporate Social Responsibility Committee of our Company were updated by a meeting of our Board held on July 25, 2017 to be in accordance with Section 135 of the Companies Act, 2013 and the applicable rules thereunder.

The terms of reference of the Corporate Social Responsibility Committee include:

1. The Board shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

2. The company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

3. The following are regarded as activities relating to Corporate Social Responsibility:

    1. Eradicating extreme hunger and poverty;

    2. Promotion of education;

    3. Promoting gender equality and empowering women

    4. Reducing child mortality and improving maternal health;

    5. Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;

    6. Ensuring environmental sustainability;

    7. Employment enhancing vocational skills;

    8. Social business projects;

9. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and

10. Slum Area Development.

The Corporate Social Responsibility Committee met four times in Fiscal 2019.

IPO Committee

The members of the IPO Committee are:

1. Sunish Sharma (Designation: Non-Executive Director);

2. Padmaja Gangireddy (Designation: Managing Director); and

3. Kartikeya Dhruv Kaji (Designation: Non-Executive Director).

The IPO Committee was constituted by our Board of Directors on May 15, 2018. The IPO Committee has been authorized to approve and decide upon all activities in connection with the Offer, including, but not limited to, to approve the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus, to decide the terms and conditions of the Offer, including the Price Band and the Offer Price, to appoint various intermediaries, negotiating and executing Offer related agreements and to submit applications and documents to relevant statutory and other authorities from time to time. The terms of reference of the IPO Committee include:

a) To make applications seeking clarifications, obtain approvals and seek exemptions from wherever necessary, to the RBI, SEBI, the Registrar of Companies, Hyderabad and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;

b) 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, 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;

c) To decide in consultation with the BRLMs on the size, timing, pricing, discount, reservations and all the terms and conditions of the Offer, including the price band(including the offer price for anchor investors), bid period, Offer price, and to accept any amendments, modifications, variations or alterations thereto;

d) To appoint and enter into and terminate arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, legal advisors, statutory auditors, experts, printers, advertising agency(ies), monitoring agency, if any, and any other agencies or persons or intermediaries to the Offer 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 of the offer agreement with the BRLMs and the Selling Shareholders;

e) 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 agreement, registrar agreement, ad agency agreement, monitoring agency agreement and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Offer;

f) To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the Listing Regulations or any other Applicable Laws;

g) To approve any corporate governance requirements, code of conduct for the Board, officers and other employees of the Company that may be considered necessary by the Board or the IPO Committee or as may be required under the Listing Regulations or any other Applicable Laws;

h) To seek, if required, the consent/ waiver of the lenders of the Company, 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/ waivers that may be required in relation to the Offer or any actions connected therewith;

i) To open and operate bank accounts in terms of the escrow agreements and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

j) 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;

k) To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;

l) To issue receipts/allotment letters/confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorize one or more officers of the Company to sign all or any of the aforestated documents;

m) To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;

n) To authorize any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorney, to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with any issue, transfer, offer and allotment of Equity Shares in the Offer;

o) To give or authorize any concerned person on behalf of the Company to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time;

p) To seek, if required, any approval, consent or waiver from the Company's lenders, and/or parties with whom the Company has entered into various commercial and other agreements, and/or any/all concerned government and regulatory authorities in India, and/or any other approvals, consents or waivers that may be required in connection with any issue, transfer, offer and allotment of Equity Shares and to take such actions or give such directions as may be necessary or desirable and to obtain such approvals, permissions, consents, sanctions, as it may deem fit or as the Board may suo-moto decide;

q) To settle any question, doubt or difficulty that may arise with regard to or in relation to raising of funds in the Fresh Issue;

r) To take on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale;

s) To decide in consultation with the BRLMs, the withdrawal of the DRHP or the RHP or any decision not to proceed with the Offer at any stage in accordance with Applicable Laws;

t) To finalize, and arrange for the submission of the DRHP to be submitted to the SEBI and the Stock Exchanges for receiving comments, the RHP and the Prospectus to be filed with the RoC, and any corrigendum, amendments supplements thereto;

u) To finalize the basis of allotment of the Equity Shares;

v) 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 finalize 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, credit of Equity Shares to the demat accounts of the successful Allottees, share certificates in accordance with the relevant rules;

w) To take all actions as may be necessary and authorized in connection with the Offer for Sale and to approve and take on record the transfer of Equity Shares in the Offer for Sale, extending the Bid/Offer period, revision of the Price Band, allow revision of the Offer for Sale portion in case any Selling Shareholder decides to revise it, in accordance with applicable laws;

x) To do all such acts, deeds and things as may be required to dematerialize 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;

y) To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;

z) To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment and matters incidental thereto as it may deem fit and to delegate such of its powers as may be deemed necessary and permissible under Applicable Laws to the officials of the Company; and

aa) To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing.

Management Committee:

The members of the Management Committee of the Board are:

(a) Sunish Sharma (Designation: Non-Executive Director);

(b) Padmaja Gangireddy (Designation: Managing Director); and

(c) Kartikeya Dhruv Kaji (Designation: Non-Executive Director).

The Management Committee of the Board was constituted at a meeting of our Board held on July 25, 2017. The scope and function of the Management Committee includes the delegated powers of the Board in terms of Section 179 (d) (e) (f) of the Companies Act, 2013 and the SEBI Listing Regulations. The terms of reference, as amended by the Board of the Company by way of a resolution dated January 23, 2018, of the Management Committee includes:

1. to apply for loans and to provide security including hypothecation of book debts of the Company at such terms and conditions as may be decided by the Committee from time to time;

2. to borrow moneys subject to a maximum of Rs. 400 crore per facility/ loan;

3. to determine the terms of the Issue(s) of Debentures, and finalise the terms and conditions of such Issue(s) including the number of Debentures to be allotted in each Issue, Issue Price, Face Value, Rate of Interest, Redemption Period, the nature of security etc. for the purpose of raising funds in its absolute discretion deem fit and to do all such acts, deeds and things as may be required necessary in this regard;

4. to sell loan portfolios of the Company upto a limit of Rs. 300 crore per sanction;

5. to purchase book debts of other micro-finance/ NBFC Companies upto a limit of Rs. 50 crore per sanction;

6. to grant loans including inter corporate loans and advances on such terms and conditions as it may deem fit;

7. to authorize Company official/s for execution of documents, including loan documents and affixing common seal of the Company thereon, if required;

8. to invest funds of the Company in Fixed Deposits to the extent necessary to avail credit facilities/ loans from the Banks/ Financial Institutions etc. and to invest surplus funds in liquid funds (i.e. mutual funds etc.) for the benefit of the Company;

9. to decide remuneration including basic salary, allowances, incentives, perquisites, travel allowance and any other welfare measures for the benefit of the employees of the Company other than Directors;

10. to incur capital expenditure outside the annual business plan up to a limit of Rs. 10 lakh between two Board Meetings;

11. to appoint /authorize Company official/s for execution of documents, agreement, deeds and papers as may be required from time to time in relation to day to day operations of the Company and to affix common seal of the company thereon, if required;

12. to make applications for obtaining licenses, registrations, connections, clearances, services etc. and to authorize/appoint directors/employees/officers for signing applications, returns, forms, bonds, agreements, documents, papers etc. and for representing Company before the authorities under various Laws including but not limited to Corporate Laws, Industrial Laws, Tax Laws, Labour Laws and other Business Laws applicable to the Company in respect of all present and future offices of the Company, for compliance of all provisions, rules, clauses, regulations, directives and other related matters under the said Laws, which may be applicable to the Company;

13. To manage the Balance Sheet of the Company within the risk parameters laid down by the Board of Directors or a Committee thereof, with a view to manage the current income as well as to take steps for enhancing the same;

14. To review the capital & profit planning and growth projections of the Company in line with the business plan and ensure that the same is reported to the Board of the Company;

15. To put in place an effective liquidity management policy, including, inter alia, the funding strategies, liquidity planning under alternative crisis scenarios, prudential limits and to review the same periodically;

16. To articulate the interest rate view of the Company and decide the pricing methodology for advances in line with extant regulatory guidelines;

17. To oversee the implementation of the Asset Liability Management (ALM) system and review the functioning periodically and to ensure that the decisions taken on financial strategy are in line with the objectives of the Committee;

18. To consider and recommend any other matter related to liquidity and market risk management to the Board of Directors of the Company for suitable action.

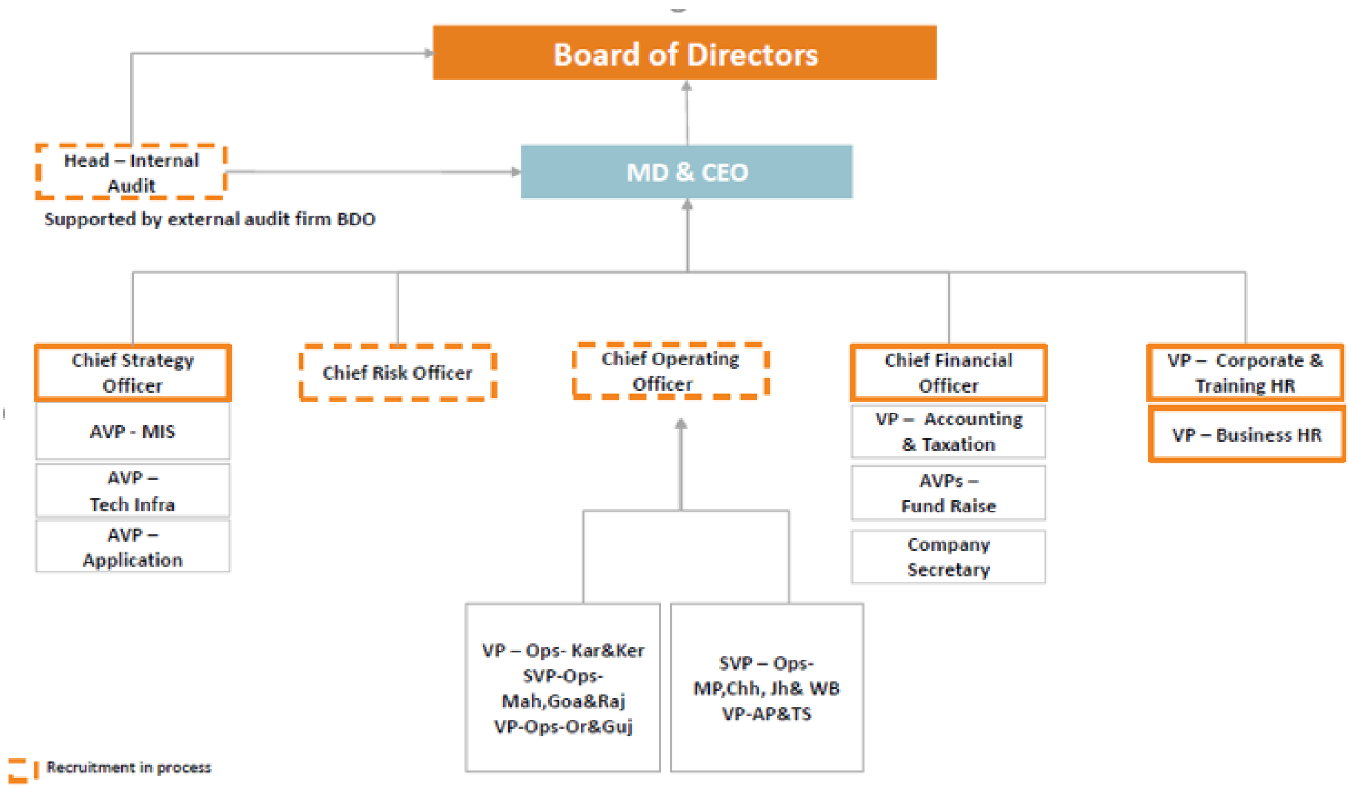
19. To set up standard operating processes with regard to the conduct of field staff with the customers and to monitor adherence to the same by internal as well as third-party evaluations;

20. To approve new products as specified in the policy of the Company or by the regulator and rolling out of business in new geographies in which products (new as well as existing) can be rolled out;

21. To review lease, assign, sell, transfer or otherwise dispose of, any fixed assets or investments, whether by one transaction or by a series of transactions (whether related or not).

22. To report such transactions, on a quarterly basis, to the Board of the Company.

Management Organisation Chart



Key Management Personnel

Apart from our Managing Director, Padmaja Gangireddy, the following persons are the Key Management Personnel of our Company:

Brief profiles of our Key Management Personnel

Sudhesh Chandrasekar is the Chief Financial Officer of our Company. He holds a post graduate diploma in management from the Indian Institute of Management, Bangalore and a bachelor's degree in commerce (honours) from Shri Ram College of Commerce, University of Delhi, Delhi. Prior to joining our Company he worked with Unitus Capital for a period of five years where his last held position was Vice-President, and with ICICI Bank for a period of almost two years where his last held position was in the grade of Manager-I. Sudhesh Chandrasekar joined our Company on August 17, 2018 as Senior Vice President - Finance and was subsequently appointed as our Chief Financial Officer on May 17, 2019. During Fiscal 2019, he was paid a gross compensation of ₹1.84 million.

Abdul Feroz Khan is the Chief Strategy Officer of our Company. He holds a masters' degree in business administration from Institute of Chartered Financial Analysts of India University, Dehradun. He joined our Company on November 10, 2008 as an assistant finance manager and was designated as our Chief Strategy Officer on May 15, 2018. During Fiscal 2019, he was paid a gross compensation of ₹5.49 million.

Rakesh Jhinjharia is the Company Secretary and Compliance Officer of our Company. He holds a bachelors' degree in Commerce (Hons) from University of Calcutta, a bachelors' degree in Law from Vidyasagar University, and he is a fellow of the Institute of Company Secretaries in India. Prior to joining our Company, he was associated as a company secretary with Ambuja Housing and Urban Infrastructure Company Limited. He worked as an assistant manager (secretarial matters) with Himadri Credit & Finance Limited for a period of five years. Rakesh Jhinjharia joined our Company as the Company Secretary on June 15, 2017. Subsequently, on May 15, 2018, he was appointed as the Compliance Officer of our Company. During Fiscal 2019, he was paid a gross compensation of ₹1.87 million.

All the Key Management Personnel are permanent employees of our Company.

Shareholding of Key Management Personnel

Except as disclosed below, none of our Key Management Personnel hold any Equity Shares as of the date of this Prospectus:

Name of Key Management Personnel	Number of Equity Shares	Percentage Shareholding
Padmaja Gangireddy	11,670,067	19.57%
Abdul Feroz Khan	72,402	0.12%

Bonus or profit sharing plan of the Key Management Personnel

There is no profit sharing plan for the Key Management Personnel. Our Company makes certain performance linked bonus payment for each financial year to certain Key Management Personnel as per their respective terms of employment.

Interests of Key Management Personnel

The Key Management Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. Our Managing Director, Padmaja Gangireddy, and our Chief Strategy Officer, Abdul Feroz Khan, are also interested in our Company to the extent of being trustees in Spandana Employee Welfare Trust and the Equity Shares held by it.

The Key Management Personnel may be regarded as interested in the Equity Shares held by them, and those that may be subscribed by or allotted to them under the Spandana ESOP Plan 2018.

None of the Key Management Personnel have been paid any consideration of any nature from our Company, other than their remuneration. There is no contingent or deferred compensation payable to our Key Management Personnel which does not form part of their remuneration.

Further, there is no arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any Key Management Personnel was appointed as member of senior management.

No loans have been availed by the Key Management Personnel from our Company and our Subsidiaries.

None of the Key Management Personnel are related to each other.

Except as disclosed under "– *Terms of appointment of the Executive Director*" on page 168, none of the Key Management Personnel have entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment in our Company or upon retirement.

Changes in the Key Management Personnel

The changes in the Key Management Personnel in the last three years are as follows:

Name	Designation	Date of change	Reason for change
Santosh Kumar Jha	Company Secretary and Principal Officer	July 7, 2016	Appointment
Santosh Kumar Jha	Company Secretary and Principal Officer	December 31, 2016	Cessation
Rakesh Jhinjharia	Company Secretary	June 15, 2017	Appointment
Deepak Goswami	Chief Financial Officer	January 31, 2018	Appointment
Abdul Feroz Khan	Chief Strategy Officer	May 15, 2018	Change in designation
Nitin Prakash Agrawal	Chief Risk Officer	May 28, 2018	Appointment
Nitin Prakash Agrawal	Chief Risk Officer	March 28, 2019	Resignation
Deepak Goswami	Chief Financial Officer	April 10, 2019	Resignation
Sudhesh Chandrasekar	Chief Financial Officer	May 17, 2019	Appointment

Payment or Benefit to officers of our Company

Our Company and its Subsidiaries have not provided any non-salary amount or benefit has been paid or given to any of our Company's employees including the Key Management Personnel and our Directors within the two years preceding the date of filing of this Prospectus. No amount is intended to be paid or given to any of our Company's employees including the Key Management Personnel and our Directors.

ESOP Plan

For details in relation to the Spandana ESOP Plan 2018, see "*Capital Structure*" on page 75.

OUR PROMOTERS AND PROMOTER GROUP

Padmaja Gangireddy and Kangchenjunga are the Promoters of our Company. As of the date of this Prospectus, our Promoters hold an aggregate of 46,940,336 Equity Shares, comprising 78.71% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. For details on shareholding of our Promoters in our Company, see "*Capital Structure*" on page 75.

The details of our Individual and Corporate Promoters are provided below:

Padmaja Gangireddy

Padmaja Gangireddy, aged 52 years, is the Promoter and Managing Director of our Company. She is a resident of Flat No. A-208, Jayabheri Orange County, Near ICICI Towers, Nanakramguda, Serilingampally, K.V. Rangareddy, Hyderabad 500 032, Telangana, India. For further details of her educational qualifications, experience, positions and posts held in the past, other directorships and special achievements, see "*Our Management*" on page 164.

As on the date of this Prospectus, our Individual Promoter does not hold a valid driver's license. Her voter identification number is SWD6361117.

Our Company confirms that the PAN, bank account numbers and passport numbers of our Individual Promoter, Padmaja Gangireddy has been submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus.

Kangchenjunga

Corporate Information

Kangchenjunga is a company incorporated on April 9, 2013 under the laws of Mauritius having its registered office at Suite 11, 1st Floor, Plot 42, Hotel Street, Cybercity 72201, Ebene, Republic of Mauritius.

Kangchenjunga is a private company with limited liability, which holds a Category 1 Global Business License under the provisions of the Financial Services Act of the Republic of Mauritius with effect from April 12, 2013 and its principal activity is (i) to carry out activities as an investment holding company and to acquire, invest in and hold securities of our Company and from time to time to sell, vary or dispose of any of the foregoing; and (ii) to do all such other things as are incidental to, or Kangchenjunga may think conducive to, the conduct, promotion or attainment of the objects of Kangchenjunga.

Kangchenjunga does not have investments in any entity other than our Company as on the date of this Prospectus.

For details in relation to the purchase of Equity Shares by Kangchenjunga, see "*History and Certain Corporate Matters – Summary of Key Agreements and Shareholders' Agreements*" on page 159 and "*Capital Structure – History of the Equity Share Capital held by our Promoters*" on page 79.

Our Company confirms that the PAN, bank account number, the company registration number and address of the registrar of companies where Kangchenjunga is registered has been submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus.

Kangchenjunga is promoted by Kedaara Capital.

Board of directors

The Board of Directors of Kedaara Capital is as follows:

1. Tej Kumar Gujadhur;

2. Santosh Kumar Gujadhur;

3. Manvinder Singh Banga; and

4. Kevin Andrew Smith.

Board of directors

The board of directors of Kangchenjunga as on the date of this Prospectus are as under:

1. Tej Kumar Gujadhur;

2. Santosh Kumar Gujadhur; and

3. Kevin Andrew Smith.

Shareholding pattern of Kangchenjunga

Kangchenjunga is promoted by Kedaara Capital I Limited ("**Kedaara Capital**"), which holds and 54.99% and 83.20 % of class A and class B equity shares, respectively, of Kangchenjunga, as on the date of this Prospectus. Kedaara Capital is regulated by the Financial Services Commission of Mauritius and is licensed to operate as a closed-end fund, categorized as a professional collective investment scheme. Other than Ontario Teachers' Pension Plan Board (through Classroom Investments Inc.), no other person has contributed to 15% or more of the total funds of Kedaara Capital as on the date of this Prospectus.

The following table provides details of the Class A ordinary shareholding pattern of Kangchenjunga:

Name of shareholder	Shares held	Percentage of Shareholding (%)
Kedaara Capital I Limited	716,743	54.99
Maple Mountain Holdings Limited	50,000	3.84
Quantum Strategic Partners Ltd	140,809	10.80
1925784 Ontario Limited	395,935	30.38
Total	**1,303,487**	**100**

The following table provides details of the Class B ordinary shareholding pattern of Kangchenjunga:

Name of shareholder	Shares held	Percentage of Shareholding (%)
Kedaara Capital I Limited	1,084,469	83.20
Quantum Strategic Partners Ltd	140,809	10.80
1925784 Ontario Limited	78,209	6.00
Total	**1,303,487**	**100**

Changes in the management or control There have been no changes in the management or control of Kangchenjunga in the three years preceding the date of the Draft Red Herring Prospectus and this Prospectus.

Change in the management and control of our Company Our Corporate Promoter, Kangchenjunga, is not the original promoter of our Company. Kangchenjunga acquired the control of our Company pursuant to the Shareholders' Agreement. For details regarding the acquisition of our Company by our Corporate Promoter, see *"Risk Factors"*, "*Capital Structure – History of the Equity Share capital held by our Promoters*" and "*History and Certain Corporate Matters – Summary of Key Agreements and Shareholders' Agreements*" on pages 18, 79 and 159, respectively.

Interests of Promoters

Our Promoters are interested in our Company to the extent that they are currently the Promoters in our Company and to the extent of their shareholding and the dividend payable, if any and other distributions in respect of the Equity Shares held by them. For details on shareholding of our Promoters in our Company, see "*Capital Structure – History of the Equity Share Capital held by our Promoters*" on page 79.

Additionally, Padmaja Gangireddy is also interested in our Company as the Managing Director, remuneration paid to her in such capacity. For details on the terms of her appointment and remuneration, refer to "*Our Management*" on page 164.

Except as disclosed in this Prospectus, none of our Promoters are interested as a member of a firm or company (other than our Company) and no sum has been paid or agreed to be paid to any of our Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by such Promoters or by such firm or company in connection with the promotion or formation of our Company.

Other than our Subsidiaries, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company. Our Company will adopt the necessary practices and procedures as permitted by law to address any conflict of interest as and when they arise.

Except as disclosed in this chapter and in "*Related Party Transactions*" on page 190, respectively, our Promoters have no interest in any property acquired by our Company during the two years preceding the date of the Draftt Red Herring Prospectus and this Prospectus, or proposed to be acquired, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Our Promoters are also interested to the extent of rights available to them under the Articles of Association of our Company. For details, see "*Main Provisions of Articles of Association*" on page 490.

Payment of benefits to our Promoters or Promoter Group

Except as stated in this chapter, "*Related Party Transactions*" and "*Our Management*" on pages 190 and 164 respectively, there has been no payment of benefits to our Promoters or members of our Promoter Group during the two years preceding the filing of the Draft Red Herring Prospectus and until the date of this Prospectus nor is there any intention to pay or give any benefit to our Promoters or members of our Promoter Group.

Further, our individual Promoter, Padmaja Gangireddy's son, Revan Saahith Reddy Vendidandi ("**Revan**"), who is also a member of the Promoter Group, has been appointed as Software Engineer-IT in our Company, effective November 12, 2018 as per the terms and conditions of the appointment letter dated March 1, 2019 ("**Appointment Letter**"). As per the Appointment Letter, Revan shall be paid a consolidated salary of ₹1.8 million, annually. In addition to the fixed consolidated salary, Revan will be eligible for an annual performance of bonus of up to ₹0.2 million.

Except as disclosed in "*Related Party Transactions*" on page 190 and except the memoranda of understanding entered into with Abhiram Marketing, our Group Company, as disclosed in *"History and Certain Corporate Matters"* and *"Risk Factors"* on pages 154 and 18, our Company has not entered into any contract, agreements or arrangements during the two years immediately preceding the date of this Prospectus and does not propose to enter into any such contract in which our Promoters are directly or indirectly interested, and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with.

Litigation involving our Promoters

Except as disclosed in "*Outstanding Litigation and Material Developments*" on page 405, there are no legal and regulatory proceedings involving our Promoters as on the date of this Prospectus.

Confirmations

As on the date of this Prospectus, our Promoters and members of our Promoter Group have not been declared as wilful defaulters in accordance with the SEBI ICDR Regulations and there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against them. Our Promoters, natural persons in control of our Promoter (being directors of our Corporate Promoter) and members of our Promoter Group have not been prohibited from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other governmental authorities.

Our Promoters are not and have never been a promoter, director or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Our Promoters are not interested in any other entity which holds any intellectual property rights that are used by our Company and to any beneficiary of loans and advances provided by our Company.

Our Promoters have not taken any unsecured loans which may be recalled by the lenders at any time. Except for our Individual Promoter, Padmaja Gangireddy, who is associated with SRUDO, Abhiram Marketing and Criss Financial, being sundry debtors of our Company, our Promoters are not related to any of the sundry debtors of our Company and to any beneficiary of any loans and advances provided by our Company.

Further, our Individual Promoter has undertaken to refrain from competing with our business or otherwise engage in any business activity that may compete with us, solicit our employees or acquire interest in competing ventures in locations in which we operate. For details, see "*History and Certain Corporate Matters – Summary of Key Agreements and Shareholder Agreements"* on page 159.

Companies or firms with which our Promoter has disassociated in the last three years Apart from Padmaja Gangireddy, who held 2,045,163 equity shares of Criss Financial, prior to its acquisition by our Company, our Promoters have not disassociated themselves from any company in the three years immediately preceding the date of the Draft Red Herring Prospectus and this Prospectus.

Promoter Group

A. Natural persons who are part of the Promoter Group

Name of Promoter	Name of relative	Relationship
Padmaja Gangireddy	Vijaya Siva Rami Reddy Vendidandi	Spouse
	Dr. Venkateswara Reddy Gangireddy	Brother
	Koteswaramma Yenumula	Sister
	Revan Saahith Reddy Vendidandi	Son
	Naga Bhushan Reddy Vendidandi	Spouse's brother
	Sitamma Vyja	Spouse's sister
	Tulasamma Papasani	Spouse's sister
	Ratnamma Palugulla	Spouse's sister

Name of Promoter	Name of relative	Relationship
	Padmavathi Karnati	Spouse’s sister
	Chandrakala Chedulla	Spouse’s sister

B. Entities forming part of the Promoter Group

- Abhiram Marketing Services Limited
- Kedaara Capital

OUR GROUP COMPANY

As per the 2009 SEBI ICDR Regulations for the purpose of identification of Group Company, our Company has considered companies covered under the applicable accounting standard, i.e. Indian Acounting Standard (Ind AS) 24 and AS 18 and other companies considered material by our Board. Pursuant to a resolution of our Board dated June 14, 2018, as amended on June 28, 2019, for the purpose of disclosure in connection with the Offer, a company shall be considered a 'group company' if our Company has entered into one or more transactions with such company during the most recent financial year, which in value exceeds 10% of the total standalone and consolidated revenue of the Company and its Subsidiaries, whichever is higher in each of the last financial years, for such financial year as per the Restated Financial Statements. Further, as on December 27, 2018, Criss Financial has become a subsidiary of the Company. Prior to December 27, 2018, Criss Financial was identified as one of the group companies of the Company.

As of the date of this Prospectus, and based on the above mentioned policy of materiality, the following is considered as a 'group company' of our Company in terms of the 2009 SEBI ICDR Regulations.

A. Details of our Group Company

Abhiram Marketing

Corporate Information

Abhiram Marketing (formerly known as, Spandana Credit and Financial Services Private Limited) was incorporated on May 26, 2004 under the Companies Act, 1956 as a public limited company and received its certificate of commencement of business on May 26, 2004. The registered office of Abhiram Marketing is located at Plot No. 31 and 32, Ramky Selenium Towers, Tower A, Ground Floor, Financial District, Nanakramguda, Hyderabad 500 032, Telangana, India. Abhiram Marketing is engaged in the business of purchasing, selling and otherwise dealing in all kinds of consumer durables, utilities, food stuff, appliances, building material, agri inputs, etc.

Interest of our Promoters

As on the date of this Prospectus, Padmaja Gangireddy holds 1,230,920 equity shares constituting 68.31% of the issued, subscribed and paid up equity share capital of Abhiram Marketing.

Financial Information

The following information has been derived from the audited financial statements of Abhiram Marketing for the last three fiscals:

(₹ in million, except per share data)

	Fiscal 2018	Fiscal 2017	Fiscal 2016
Equity Capital	18.02	18.02	18.02
Reserves and Surplus (excluding revaluation reserve)	17.06	22.70	24.60
Sales and Other Income	483.04	315.40	404.87
Profit/ (Loss) after tax	(5.64)	2.44	13.30
Basic earnings per share	(3.13)	1.36	7.39
Diluted earnings per share	(3.13)	1.36	7.39
Net asset value	35.08	40.72	42.62
Net asset value per share	19.47	22.60	23.65

B. Nature and Extent of Interest of Group Company

1. *In the promotion of our Company*

Except the memorandum of understanding entered into between our Company and Abhiram Marketing, our Group Company does not have any interest in the promotion or other interests in our Company. For further details *see "History and Certain Corporate Matters"* on page 154, *"Risk Factors"* on page 18 and *"Our Business"* on page 129.

2. *In the properties acquired or proposed to be acquired by our Company in the past two years before filing the Draft Red Herring Prospectus and until the date of this Prospectus with SEBI*

Our Group Company does not have any interest in the properties acquired or proposed to be acquired by our Company in the two years preceding the filing of the Draft Red Herring Prospectus and this Prospectus.

3. ***In transactions for acquisition of land, construction of building and supply of machinery***

Our Group Company is not interested in any transactions for the acquisition of land, construction of building or supply of machinery in relation to our Company.

4. ***Common Pursuits among the Group Company with our Company***

Our Group Company is not in the same line of business as our Company, accordingly, there are no common pursuits among our Group Company and the Company.

5. ***Related Business Transactions within the Group Company and significance on the financial performance of our Company***

Except as provided in "*Related Party Transactions*" on page 190, no related party transactions have been entered between our Group Company and our Company, as on the date of this Prospectus.

6. ***Significant Sale/ Purchase between Group Company and our Company***

Our Group Company is not involved in any sales or purchase with our Company where such sales or purchases exceed in value in the aggregate of 10% of the total sales or purchases of our Company.

7. ***Business Interest of Group Company***

Except as provided in "*History and Certain Corporate Matters – Other Agreements*" and *"Related Party Transactions*" on pages 162 and 190, respectively, our Group Company does not have any business interest in our Company.

8. ***Defunct Group Company***

Our Group Company is not defunct and no applications have been made to the registrar of companies for striking off the names of our Group Company during the five years preceding the date of filing of the Draft Red Herring Prospectus and until the date of this Prospectus with SEBI. Our Group Company does not fall under the definition of sick companies under SICA and as on the date of this Prospectus, no winding up proceedings, insolvency resolution process or actions have been initiated against our Group Company.

9. ***Negative networth and loss making Group Company***

Our Group Company has not incurred losses in the immediately preceding year. For details of our Group Company's financial information, see "*Our Group Company – Details of our Group Company – financial information*" on page 188. Further, our Group Company does not have negative networth.

10. ***Litigation***

Except as disclosed in "*Outstanding Litigations and Material Developments"* on page 405, there are no legal proceedings involving our Group Company.

11. ***Confirmations***

The securities of our Group Company are not listed on any stock exchange and our Group Company has not made any public or rights issue of securities in the preceding three years.

Our Group Company has not been debarred from accessing the capital market for any reasons by SEBI or any other authorities.

Our Group Company has not been identified as wilful defaulters as defined under the 2009 SEBI ICDR Regulations and there are no violation of securities laws committed by it in the past and no proceedings for violations of securities laws are pending against it.

Our Group Company has not availed unsecured loans that may be recalled by the lenders at any time.

No significant adverse factors have been identified by the auditors/ third party consultants of our Group Company in the preceding three financial statements of our Group Company, prepared in accordance with the applicable law.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, as per the requirements under (i) Accounting Standard - 18 'Related Party Disclosures', as reported in the Restated Indian GAAP Standalone Summary Statements, (ii) Ind AS - 24 'Related Party Disclosures' as reported in Restated Ind AS Consolidated Summary Statements, and (iii) Ind AS – 24 'Related Party Disclosures', as reported in the Restated Ind AS Standalone Summary Statements see "*Annexure 28.2*" beginning on page 356, and see "*Annexure 38.2*" beginning on page 245 and "*Annexure 39.2b*" beginning on page 310, respectively.

DIVIDEND POLICY

Our Company has no formal dividend policy as on date of this Prospectus. The declaration and payment of dividends on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and the Companies Act, 2013. We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividend in the foreseeable future. The dividend, if any, will depend on a number of factors, including but not limited to our Company's profits, capital requirements, overall financial condition, contractual restrictions and other factors considered relevant by our Board. Our Company may also, from time to time, pay interim dividends.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, see "*Financial Indebtedness*" on page 402.

We have not declared any dividends on the Equity Shares in any of the five Fiscals preceding the filing of this Prospectus.

Dividends on Preference Shares

Our Company has declared the following dividends on the preference shares in the five Fiscals preceding the filing of this Prospectus:

OCCRPS

Particulars	Fiscal 2019**	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
No. of OCCRPS	NA	NA	NA	791,007,721	807,615,809
Dividend per OCCRPS	NIL	NIL	NIL	0.0001	0.0001
Face value of OCCRPS (₹)	NA	NA	NA	10	10
% of dividend	NA	NA	NA	0.001%	0.001%
Amount of dividend (in ₹)*	NIL	NIL	NIL	79,101	83,424
Dividend distribution tax (in ₹)	NIL	NIL	NIL	16,104	17,324
Rate of dividend distribution tax (%)	NA	NA	NA	15%	15%

**Excluding dividend distribution tax*
*** Company had 791,007,721 number of OCCRPS outstanding as on March 31, 2016 which had been converted in to Class B CCPS as on March 27, 2017. Accordingly, number of OCCRPS outstanding as on March 31, 2019 is Nil*

CCPS

In addition to the above, our Company paid dividend on CCPS during Fiscal 2019 as follows:

Particulars	Fiscal 2019**
No. of CCPS	1,145,220,478
Dividend per CCPS	0.0001
Face value of CCPS (₹)	10
% of dividend	0.001%
Amount of dividend (in ₹)*	108,978
Dividend distribution tax (in ₹)	22,401
Rate of dividend distribution tax (%)	15%

** Excluding dividend distribution tax*
*** Company had 234,999,997 number of Class A CCPS, 11,921,760 number of Class A1 CCPS and 791,007,721 number of Class B CCPS outstanding as on March 31, 2018 which subsequently got converted into Equity Shares on May 15, 2018, upon conversion Company has paid dividend on June 8, 2018. Accordingly, number of CCPS outstanding as on March 31, 2019 is Nil.*

OCRPS

Particulars	Fiscal 2019**
No. of OCRPS	2,270,169
Dividend per OCRPS*	0.0001

Face value of OCRPS (₹)	10
% of dividend	0.001%
Amount of dividend (in ₹)*	278
Dividend distribution tax (in ₹)	58
Rate of dividend distribution tax (%)	15%

**Excluding dividend distribution tax*

*** On March 31, 2017 Company had issued 2,270,169 number of OCRPS as a preferential allotment, which subsequently got converted in to Equity Shares on June 20, 2018 and dividend was paid on July 4, 2018. Accordingly, number of OCRPS outstanding as on March 31, 2019 is Nil*

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future. See "*Risk Factors – 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 there can be no assurance that we will be able to pay dividends in the future*" on page 34.

SELECTED STATISTICAL INFORMATION

The following information is included for analytical purposes and should be read in conjunction with our Restated Financial Statements on page 202, as well as "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 129 and 370, respectively.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this chapter and elsewhere in this Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. However, note that these non-GAAP financial measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies. See also "Risk Factors - In this Prospectus, we have included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies" on page 35.

For Fiscal 2017, we did not have any subsidiaries and hence our financial statements have been prepared on a standalone basis only. Our subsidiary CFSL was incorporated in October 2017 and we acquired our subsidiary CFL in December 2018. We have prepared both standalone and consolidated financial statements for Fiscals 2018 and 2019. Unless otherwise stated, all financial information for Fiscal 2017 in this section is provided on a standalone basis and all financial information for Fiscals 2018 and 2019 is provided on a consolidated basis. See also, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Introductory Note Regarding Financial Information Presented in this Chapter" on page 372.

In this chapter and elsewhere in this Prospectus, we have presented Gross AUM and Gross AUM (including the old AP Portfolio), both as defined in this chapter. The "old AP Portfolio" refers to loan portfolio originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012. A substantial portion of this loan portfolio was disbursed prior to the 2010 Andhra Pradesh Crisis, which adversely affected the industry and our operations (for details, please see "Industry Overview – Historical Growth and Development of the Microfinance Industry – Andhra Pradesh (AP) Ordinance (2010)", "Our Business – Overview" and "Risk Factors –Our business, financial condition, cash flows and results of operations have been adversely affected in the past by state regulation. There can be no assurance that similar disruptions will not occur in the states in which we operate, which may have an adverse impact on our business, financial condition and results of operations"). We have used Gross AUM for purposes of calculating the various ratios and metrics included in this chapter, because we are not servicing the old AP Portfolio and do not derive any income from it or incur any costs in relation to it; and the old AP Portfolio is fully provided for.

Return on Equity and Assets

The following table sets forth, for the periods indicated, selected financial information relating to the return on equity and assets for our Company:

	As of and for the year ended March 31,		
	2019 (Consolidated)	2018 (Consolidated)	2017 (Standalone)
Profit for the period (₹ in million)(1)	3,119.00	1,879.46	4,434.14
Total Assets (₹ in million)(2)	49,317.07	37,642.47	19,286.22
Gross AUM (including the old AP portfolio) (₹ in million) (3)	47,957.48	39,600.96	20,990.90
Gross AUM (₹ in million)(4)	44,372.78	31,667.85	13,015.36
Annual Average Gross AUM (₹ in million)(5)	38,020.31	22,341.61	12,602.31
Quarterly Average Gross AUM (₹ in million)(6)	38,730.30	22,044.20	N/A
Net Worth (₹ in million)(7)	18,894.36	13,906.36	9,275.69
Annual Average Net Worth (₹ in million)(8)	16,400.36	11,591.03	5,558.47
Quarterly Average Net Worth (₹ in million)(9)	16,737.99	10,787.39	N/A
Total Borrowings (₹ in million)(10)	29,677.37	23,313.76	9,334.66
Annual Average Borrowings (₹ in million)(11)	26,495.57	16,324.21	9,261.31
Quarterly Average Borrowings (₹ in million)(12)	28,796.25	16,266.80	N/A
Return on Annual Average Gross AUM (%)(13)	8.20%	8.41%	35.19%
Return on Quarterly Average Gross AUM (%)(14)	8.05%	8.53%	N/A
Return on Annual Average Net Worth (%)(15)	19.02%	16.21%	79.77%
Return on Quarterly Average Net Worth (%)(16)	18.63%	17.42%	N/A
Annual Average Borrowings / Annual Average Net Worth	1.62	1.41	1.67
Quarterly Average Borrowings / Quarterly Average Net Worth	1.72	1.51	N/A

	As of and for the year ended March 31,		
	2019 (Consolidated)	2018 (Consolidated)	2017 (Standalone)
Annual Average Net Worth / Annual Average Gross AUM	43.14%	51.88%	44.11%
Quarterly Average Net Worth / Quarterly Average Gross AUM	43.22%	48.94%	N/A
Basic Earnings Per Share (₹)[(17)]	53.46	42.52	216.93
Diluted Earnings Per Share (₹)[(18)]	53.35	42.51	5.48
Net Asset value per equity share (₹)[(19)]	316.84	467.33	326.04

Figures disclosed in the above table, except "Profit for the period", "Total Assets", "Total Borrowings", "Basic Earnings Per Share" and "Diluted Earnings Per Share" are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

(1) *Profit for the period represents our restated profit for the period (after tax).*

(2) *Total Assets represents our total assets as of the last day of the relevant year.*

(3) *Gross AUM (including the old AP Portfolio) represents the total portfolio loans outstanding (gross i.e. without netting-off the related provisioning) held by us as well as the outstanding of loan portfolio which have been assigned by us as at the end of the relevant year, including loan portfolio originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012.*

Set forth below is a reconciliation of our Gross AUM (including the old AP Portfolio) to the loan portfolio appearing on our restated summary statement of assets and liabilities:

	Year ended		
	March 31, 2019 (Consolidated)	March 31, 2018 (Consolidated)	March 31, 2017 (Standalone)
	(₹ in million)		
Loan Portfolio	42,677.59	30,896.26	11,945.49
Carrying Value of Derecognised Financial Assets	1,403.81	-	-
Impairment Loss Allowance	3,876.08	8,704.70	9,045.41
Gross AUM (including the old AP portfolio)	**47,957.48**	**39,600.96**	**20,990.90**

(4) *Gross AUM represents the total portfolio loans outstanding (gross i.e. without netting-off the related provisioning) held by us as well as the outstanding of loan portfolio which have been assigned by us by way of assignment as at the end of the relevant year, excluding loan portfolio originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012.*

Set forth below is a reconciliation of our Gross AUM to the loan portfolio appearing on our restated summary statement of assets and liabilities:

	Year ended		
	March 31, 2019 (Consolidated)	March 31, 2018 (Consolidated)	March 31, 2017 (Standalone)
	(₹ in million)		
Loan Portfolio	42,677.59	30,896.26	11,945.49
Carrying Value of Derecognised Financial Assets	1,403.81	-	-
Impairment Loss Allowance	3,876.08	8,704.70	9,045.41
Less: Old AP Portfolio	3,584.70	7,933.10	7,975.54
Gross AUM	**44,372.78**	**31,667.85**	**13,015.36**

(5) *Annual Average Gross AUM is the simple average of our Gross AUM as of the last day of the relevant year and our Gross AUM as of the last day of the previous year.*

(6) *Quarterly Average Gross AUM is the average of our Gross AUM as of June 30, September 30, December 31 and March 31 of each year and as of March 31 of the previous year.*

(7) *Net Worth represents our restated net worth as of the last day of the relevant year.*

Set forth below is a reconciliation of our Net Worth:

Particulars	As at March 31, 2019 (Consolidated)	As at March 31, 2018 (Consolidated)	As at March 31, 2017 (Standalone)
Equity Share Capital (A)	596.34	297.56	284.49
Other Equity (B)	18,298.02	13,608.80	8,991.20
Net Worth (A+B)	**18,894.36**	**13,906.36**	**9,275.69**

(8) *Annual Average Net Worth is the simple average of our Net Worth as of the last day of the relevant year and our Net Worth as of the last day of the previous year.*

Set forth below is a reconciliation of our Annual Average Net Worth:

Particulars	As at March 31, 2019 (Consolidated)	As at March 31, 2018 (Consolidated)	As at March 31, 2017 (Standalone)
Equity Share Capital (A)	596.34	297.56	284.49
Other Equity (B)	18,298.02	13,608.80	8,991.20
Net Worth (A+B) or Closing Balance	**18,894.36**	**13,906.36**	**9,275.69**
Opening Balance	13,906.36	9,275.69	1,841.26
Annual Average Net Worth = ((Closing Balance+Opening Balance)/2)	**16,400.36**	**11,591.03**	**5,558.47**

(9) *Quarterly Average Net Worth is the average of our Net Worth as of June 30, September 30, December 31 and March 31 of each year and as of March 31 of the previous year.*
(10) *Total Borrowings represents the aggregate of our debt securities, borrowings (other than debt securities) and subordinated liabilities.*
(11) *Annual Average Borrowings is the simple average of our Total Borrowings outstanding as of the last day of the relevant year and our Total Borrowings outstanding as of the last day of the previous year.*

Set forth below is a reconciliation of our Annual Average Borrowings:

Particulars	**As at March 31, 2019 (Consolidated)**	**As at March 31, 2018 (Consolidated)**	**As at March 31, 2017 (Standalone)**
Debt Securities (A)	13,719.64	10,147.13	-
Borrowings (Other than Debt Securities) (B)	15,754.79	12,965.08	9,324.57
Subordinated Liabilities (C)	202.94	201.55	10.09
Total Borrowings (A+B+C) or Closing Balance	**29,677.37**	**23,313.76**	**9,334.66**
Opening Balance	23,313.76	9,334.66	9,187.96
Annual Average Borrowings = ((Closing Balance+Opening Balance)/2)	**26,495.57**	**16,324.21**	**9,261.31**

(12) *Quarterly Average Borrowings is the average of our Total Borrowings outstanding as of June 30, September 30, December 31 and March 31 of each year and as of March 31 of the previous year.*
(13) *Return on Annual Average Gross AUM is calculated as our Profit for the period for the relevant year as a percentage of our Annual Average Gross AUM in such year. For a discussion of the reasons for changes in our profit for the period for the years ended March 31, 2017, 2018 and 2019, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 371.*
(14) *Return on Quarterly Average Gross AUM is calculated as our Profit for the period for the relevant year as a percentage of our Quarterly Average Gross AUM in such year.*
(15) *Return on Annual Average Net Worth is calculated as our Profit for the period for the relevant year as a percentage of our Annual Average Net Worth in such year.*
(16) *Return on Quarterly Average Net Worth is calculated as our Profit for the period for the relevant year as a percentage of our Quarterly Average Net Worth in such year.*
(17) *Basic Earnings Per Share =*

$$\frac{Net\ profit\ as\ restated\ attribute\ to\ equity\ shareholders}{Weighted\ average\ number\ of\ equity\ shares\ outstanding\ at\ the\ end\ of\ the\ year}$$

(18) *Diluted Earnings Per Share =*

$$\frac{Net\ profit\ for\ calculation\ of\ basic\ earnings\ per\ share}{Weighted\ average\ number\ of\ shares\ considered\ for\ calculating\ Diluted\ Earnings\ Per\ Share}$$

(19) *Net Asset Value per equity share =*

$$\frac{Net\ worth\ as\ at\ the\ end\ of\ the\ year}{Number\ of\ equity\ shares\ outstanding\ at\ the\ end\ of\ the\ year}$$

Set forth below is a reconciliation of our Net Asset Value per equity share:

Particulars	**As at March 31, 2019 (Consolidated)**	**As at March 31, 2018 (Consolidated)**	**As at March 31, 2017 (Standalone)**
Equity Share Capital (A)	596.34	297.56	284.49
Other Equity (B)	18,298.02	13,608.80	8,991.20
Net Worth (C = A+B)	**18,894.36**	**13,906.36**	**9,275.69**
Number of equity shares (D)	59,633,683	29,756,818	28,449,393
Net assets value as per equity share (C / D)	**316.84**	**467.33**	**326.04**

Financial and Operational Metrics and Ratios

The following table sets forth, for the periods indicated, certain financial and operational metrics and ratios for our Company:

	As of and for the year ended March 31,		
	2019 (Consolidated)	**2018 (Consolidated)**	**2017 (Standalone)**
	(₹ in million, except percentages and numbers)		
Gross AUM (including the old AP Portfolio)(1)	47,957.48	39,600.96	20,990.90
Gross AUM(2)	44,372.78	31,667.85	13,015.36
Gross AUM Growth (%)(3)	40.12%	143.31%	6.78%
Annual Average Gross AUM(4)	38,020.31	22,341.61	12,602.34
Quarterly Average Gross AUM(5)......................................	38,730.30	22,044.21	N/A
Carrying value of loans securitized(6)	6,638.38	6,846.03	-
Carrying value of loans derecognized(7)	1,403.81	-	-
Disbursements(8)	49,692.83	38,576.48	20,591.65
Disbursement Growth (%)(9)..	28.82%	87.34%	14.83%
Total Active Loan Accounts(10) (millions).........................	2.97	1.93	1.14
Revenue from Operations(11)	10,430.96	5,873.06	3,770.64
Other Income(12)	54.33	2.25	16.02

Borrowers[13]	2.46	1.59	1.06
Total Income[14]	10,485.29	5,875.31	3,786.66
Finance Costs[15]	3,578.65	2,317.91	1,493.89
Cost of Portfolio Derecognized[16]	58.17	0.00	0.00
Net Interest Income[17]	6,232.84	3,357.21	2,210.74
Net Interest Margin = Net Interest Income / Annual Average Gross AUM (%)*	16.39%	15.03%	17.54%
Net Interest Margin = Net Interest Income / Quarterly Average Gross AUM (%)*	16.09%	15.23%	N/A
Total Expenses[18]	5,750.57	3,048.30	3,435.66
Operating Expenses[19]	1,718.92	1,084.48	957.87
Operating Expenses / Annual Average Gross AUM (%)	4.52%	4.85%	7.60%
Operating Expenses / Quarterly Average Gross AUM (%)	4.44%	4.92%	N/A
Cost to Income Ratio[20]	24.89%	30.49%	41.78%
Impairment on financial instruments[21]	453.00	(354.09)	983.90
Impairment on financial instruments / Annual Average Gross AUM (%)	1.19%	-1.58%	7.81%
Impairment on financial instruments / Quarterly Average Gross AUM (%)	1.17%	-1.61%	N/A
Profit before tax (₹ in million)[22]	4,734.72	2,827.01	455.86
Profit for the period (₹ in million)[23]	3,119.00	1,879.46	4,434.14
Stage I, II and III PAR 0+ (excluding the old AP Portfolio and standard Portfolio)[24] (₹ in million)	382.77	743.71	1,390.79
Stage I, II and III PAR 0+ Net (excluding the old AP Portfolio and standard Portfolio)[25] (₹ in million)	272.09	140.33	394.77
Stage III PAR 90+ (excluding the old AP Portfolio)[26] (₹ in million)	43.11	719.35	892.56
Stage III PAR 90+ (excluding the old AP Portfolio) Ratio[27] (%)	0.10%	2.27%	6.86%
Stage III PAR 90+ Net (excluding the old AP Portfolio)[28] (₹ in million)	6.11	117.45	87.21
Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio[29] (%)	0.01%	0.38%	0.71%
Collection Efficiency[30]	99.74%	99.25%	97.13%

Figures disclosed in the above table, except "Revenue from Operations", "Other Income", "Total Income", "Finance Cost" and "Total Expenses" are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

(1) *Gross AUM (including the old AP Portfolio) represents the total portfolio loans outstanding (gross i.e. without netting-off the related provisioning) held by us as well as the outstanding of loan portfolio which have been assigned by us as at the end of the relevant year, including loan portfolio originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012.*

(2) *Gross AUM represents the total portfolio loans outstanding (gross i.e. without netting-off the related provisioning) held by us as well as the outstanding of loan portfolio which have been assigned by us by way of assignment as at the end of the relevant year, excluding loan portfolio originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012.*

(3) *Gross AUM Growth represents percentage growth in Gross AUM for the relevant year over Gross AUM of the previous year.*

Set forth below is a reconciliation of our Gross AUM Growth:

Particulars	As at March 31, 2019 (Consolidated)	As at March 31, 2018 (Consolidated)	As at March 31, 2017 (Standalone)
Gross AUM or Closing Balance	44,372.78	31,667.85	13,015.36
Previous Year Gross AUM or Opening Balance)	31,667.85	13,015.36	12,189.32
Gross AUM Growth % = (Closing Balance - Opening Balance)/Opening Balance	**40.12%**	**143.31%**	**6.78%**

(4) *Annual Average Gross AUM is the average of our Gross AUM as of the last day of the relevant year and our Gross AUM as of the last day of the previous year.*

Set forth below is a reconciliation of our Annual Average Gross AUM:

Particulars	As at March 31, 2019 (Consolidated)	As at March 31, 2018 (Consolidated)	As at March 31, 2017 (Standalone)
Loan Portfolio (A)	42,677.59	30,896.26	11,945.49
Carrying value of derecognised financial assets (B)	1,403.81	-	-
Impairment Loss Allowance (C)	3,876.08	8,704.70	9,045.41
Old AP Portfolio (D)	3,584.70	7,933.10	7,975.54
Gross AUM (A + B + C - D) or Closing Balance	44,372.78	31,667.85	13,015.36
Opening Balance	31,667.85	13,015.36	12,189.32
Annual Average Gross AUM =	**38,020.31**	**22,341.61**	**12,602.34**

((Closing Balance+Opening Balance)/2)

(5) *Quarterly Average Gross AUM is the average of our Gross AUM as of June 30, September 30, December 31 and March 31 of each year and as of March 31 of the previous year.*
(6) *Carrying value of loans securitized represents aggregate of future principal outstanding and overdue principal outstanding, if any, for loan portfolio which have been transferred by our Company by way of securitization and outstanding as of the last day of the relevant year, excluding loan portfolio originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012.*
(7) *Carrying value of loans derecognized represents aggregate of future principal outstanding and overdue principal outstanding, if any, for loan portfolio which have been transferred by our Company by way of assignment and outstanding as of the last day of the relevant year, excluding loan portfolio originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012.*
(8) *Disbursements represent the aggregate of all loan amounts extended to our clients in the relevant year.*
(9) *Disbursement Growth represents percentage growth in disbursement for the relevant year over disbursement of the previous year.*
(10) *Total Active Loan Accounts represent the aggregate number of loan accounts outstanding as of the end of the relevant year including loan accounts which have been transferred by our Company by way of securitization or assignment and are outstanding as of the last day of the relevant year.*
(11) *Revenue from Operations represents our restated revenue from operations for the year.*
(12) *Other Income represents our restated other income for the year.*
(13) *Borrowers represents the number of clients who have active loan accounts with us as at the end of the relevant year.*
(14) *Total Income represents our restated total income for the year.*
(15) *Finance Costs represents our restated finance costs for the year, comprising interest expense on debt securities, borrowings (other than debt securities) subordinated liabilities and income tax and other finance cost.*
(16) *Cost of Portfolio Derecognized represents the interest received on our assigned portfolio that we transfer to the assignee.*
(17) *Net Interest Income represents Gross Interest Income for the relevant year reduced by Finance Costs and Cost of Portfolio Derecognized in such year.*

Set forth below is a reconciliation of our Net Interest Income:

Particulars	**Year ended March 31, 2019 (Consolidated)**	**Year ended March 31, 2018 (Consolidated)**	**Year ended March 31, 2017 (Standalone)**
Gross Interest Income (A)	9,869.66	5,675.12	3,704.63
Finance Costs (B)	3,578.65	2,317.91	1,493.89
Cost of Portfolio derecognised (C)	58.17	-	-
Net Interest Income (A - B - C)	**6,232.84**	**3,357.21**	**2,210.74**

* *Note: Net Interest Margin as calculated herein is different from the Net Interest Margin as calculated as per the formula prescribed by the RBI.*
(18) *Total Expenses represents our restated total expenses for the relevant year. Total Expenses comprise employee benefits expenses, finance costs, impairment on financial instruments, depreciation and amortization expenses and other expenses.*
(19) *Operating Expenses represents employee benefits expenses, depreciation and amortization expenses and other expenses.*
(20) *Cost to Income Ratio represents the sum of employee benefits expenses, other expenses, and depreciation and amortization expenses as a percentage of Total Income plus our restated Other Income minus Finance Costs.*
(21) *Impairment on financial instruments represents our restated impairment on financial instruments.*
(22) *Profit before tax represents our restated profit before tax.*
(23) *Profit for the period represents our restated profit for the period.*
(24) *Stage I, II and III PAR 0+(excluding the old AP Portfolio and standard Portfolio) represents the total loan outstanding that are overdue for 1 day or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio) as of the last day of the relevant year (excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012).*
(25) *Stage I, II and III PAR 0+ Net (excluding the old AP Portfolio and standard Portfolio) represents the total loan outstanding that are overdue for 1 day or more (including any such loan outstanding that forms part of our securitized or assigned loan portfolio), as of the last day of the relevant year i.e. non-performing portfolio loans outstanding (gross) as reduced by the provision for such loans (excluding provision for loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012).*
(26) *Stage III PAR 90+ (excluding the old AP Portfolio) represents total loan outstanding that are overdue for 90 days or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio), as of the last day of the relevant year, excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012.*
(27) *Stage III PAR 90+ (excluding the old AP Portfolio) Ratio represents "Stage III PAR 90+ (excluding the old AP Portfolio)" (as defined above) as a percentage of Gross AUM as at the date mentioned.*
(28) *Stage III PAR 90+ Net (excluding the old AP Portfolio) represents the total loan outstanding that are overdue for 90 days or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio), as of the last day of the relevant year, excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012, as reduced by the provision for such loans (excluding provision for loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012).*
(29) *Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio represents "Stage III PAR 90+ Net (excluding the old AP Portfolio)" (as defined above) as a percentage of Gross AUM (net of provision for such PAR 90+ loans) as at the date mentioned.*
(30) *Collection Efficiency represents the ratio of our collections (including overdue collections) for the year to billings for the year.*

Yield and Cost of Funds

The following table sets forth, for the periods indicated, yields and cost of funds for our Company:

	As of and for the year ended March 31,		
	2019 (Consolidated)	**2018 (Consolidated)**	**2017 (standalone)**
Annual Average Yield on Gross AUM (%)(1)	25.96%	25.40%	29.40%
Quarterly Average Yield on Gross AUM (%)(2)	25.48%	25.74%	Not Available(3)
Quarterly Average Yield on Disbursements (%)(4)	24.27%	25.05%	25.80%
Annual Average Cost of Borrowings (%)(5)	13.51%	14.20%	16.13%
Quarterly Average Cost of Borrowings (%)(6)	12.43%	14.25%	Not Available

Figures disclosed in the above table are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

(1) *Annual Average Yield on Gross AUM represents the ratio of our Gross Interest Income to our Annual Average Gross AUM.*
Gross Interest Income for a year represents the (a) interest income for the year on the loan portfolio held by us; (b) realized interest income on the loan portfolio which has been derecognised during the year; and (c) interest on derecognised financial assets transferred by way of assignment.

Set forth below is the reconciliation of our Gross Interest Income to interest income on loan portfolio (which forms a part of our restated revenue from operations):

Particulars	**Year ended March 31, 2019 (Consolidated)**	**Year ended March 31, 2018 (Consolidated)**	**Year ended March 31, 2017 (Standalone)**
Interest on Loan Portfolio (A)	9,746.66	5,675.12	3,704.63
Net gain on derecognition of financial assets (B)	156.13	-	-
Un realised Interest Income on derecognised financial assets (C)	91.30	-	-
Interest on derecognised financial assets transferred by way of assignment (D)	58.17		
Gross Interest Income (A + B - C + D)	**9,869.66**	**5,675.12**	**3,704.63**

(2) *Quarterly Average Yield on Gross AUM represents the ratio of our Gross Interest Income to our Quarterly Average Gross AUM.*
(3) *As we transitioned to Ind AS from April 1, 2018, we have not prepared quarterly financial statements in the year ended March 31, 2017 based on Ind AS.*
(4) *Quarterly Average Yield on Disbursement is the quarterly weighted average Yield on Disbursement, weights being Disbursement of each loan disbursed during the quarter.*
(5) *Annual Average Cost of Borrowings is calculated by Finance Costs divided by Annual Average Borrowings.*
(6) *Quarterly Average Cost of Borrowings is calculated by Finance Costs divided by Quarterly Average Borrowings.*

Productivity Ratios

The following table sets forth, for the periods indicated, certain productivity ratios for our Company:

	As of and for the year ended March 31,		
	2019 (Consolidated)	**2018 (Consolidated)**	**2017 (Standalone)**
Number of branches[1]	925	694	526
Number of employees[2]	6,656	4,045	3,044
Number of loan officers[3]	4,674	2,746	1,984
Number of active loan accounts[4]	2.97	1.93	1.14
Gross AUM per branch[5] (₹ in million)	47.97	45.63	24.74
Gross AUM per employee, excluding trainee CAs[6] (₹ in million)	12.58	9.08	4.47
Gross AUM per active loan account[7] (₹)	14,942.84	16,408.21	11,416.99
Disbursement per branch[8] (₹ in million)	53.72	55.59	39.15
Disbursement per employee, excluding trainee CAs[9] (₹ in million)	9.02	11.06	7.07
Disbursement per loan officer, excluding trainee CAs[10] (₹ in million)	14.09	17.63	11.11
Average ticket size (₹)[11]	26,278.55	22,826.27	21,024.65

Figures disclosed in the above table are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

(1) *Number of branches represents aggregate number of branches of our Company as of the last day of relevant year.*
(2) *Number of employee represents aggregate number of employees of our Company as of the last day of relevant year.*
(3) *Number of loan officers represents aggregate number of credit assistants of our Company as of the last day of relevant year*
(4) *Number of active loan accounts represents aggregate number of all loan assets under management which includes loan assets held by our Company as of the last day of the relevant 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 year.*
(5) *Gross AUM per branch represents Gross AUM as of last day of the relevant year divided by number of branches.*
(6) *Gross AUM per employee represents Gross AUM as of the last day of the relevant year divided by number of employees (excluding trainee CAs).*
(7) *Gross AUM per active loan accounts represents Gross AUM as of the last day of the relevant year divided by number of active loan accounts.*
(8) *Disbursement per branch represents Disbursements in the relevant year divided by number of branches.*
(9) *Disbursement per employee represents Disbursements in the relevant year divided by number of employees (excluding trainee CAs).*
(10) *Disbursement per loan officer represents Disbursements in the relevant year divided by number of loan officers (excluding trainee CAs).*
(11) *Average ticket size represents Disbursements in the relevant year divided by the number of loans disbursed in the year.*

Geographical Spread of Loan Accounts

The following table sets forth the geographic spread of our Company based on the number of loan accounts:

State/ Union Territory	Number of Loan Accounts					
	As of March 31, 2019 (Consolidated)		As of March 31, 2018 (Consolidated)		As of March 31, 2017 (Standalone)	
	No. of loan accounts	% of Total	No. of loan accounts	% of Total	No. of loan accounts	% of Total
Madhya Pradesh	577,649	19.45%	411,639	21.28%	252,225	22.06%
Orissa	576,647	19.42%	378,655	19.58%	257,906	22.56%
Karnataka	509,731	17.17%	411,506	21.28%	208,242	18.21%
Maharashtra	383,120	12.90%	258,508	13.37%	144,055	12.60%
Chhattisgarh	242,496	8.17%	151,600	7.84%	99,534	8.70%
Andhra Pradesh	177,100	5.96%	101,860	5.27%	41,611	3.64%
Jharkhand	150,289	5.06%	91,058	4.71%	58,710	5.13%
Gujarat	99,440	3.35%	54,446	2.81%	32,560	2.85%
Kerala	98,230	3.31%	46,368	2.40%	31,912	2.79%
Bihar	54,314	1.83%	7,608	0.39%	73	0.01%
Rajasthan	35,189	1.19%	322	0.02%	0	0.00%
Goa	22,877	0.77%	11,508	0.59%	6,317	0.55%
Uttar Pradesh	14,085	0.47%	5,532	0.29%	9,133	0.80%
West Bengal	13,694	0.46%	1,282	0.07%	0	0.00%
Telangana	12,850	0.43%	2,288	0.12%	1,136	0.10%
Pondicherry	1,738	0.06%	-	0.00%	0	0.00%
Tamil Nadu	51	0.00%	-	0.00%	0	0.00%
Total	**2,969,500**	**100.00%**	**1,934,180**	**100.00%**	**1,143,414**	**100.00%**

Geographical Spread of Gross AUM

The following table sets forth the state-wise spread of our Gross AUM:

State	Gross AUM (₹ in million, except percentages)					
	As of March 31, 2019 (Consolidated)		As of March 31, 2018 (Consolidated)		As of March 31, 2017 (Standalone)	
	Gross AUM	% of Total	Gross AUM	% of Total	Gross AUM	% of Total
Orissa	8,865.98	19.98%	6,967.41	22.00%	2,724.90	20.94%
Madhya Pradesh	8,878.92	20.01%	5,938.29	18.75%	2,896.44	22.25%
Karnataka	5,980.91	13.48%	7,070.77	22.33%	2,381.55	18.30%
Maharashtra	4,777.41	10.77%	4,367.12	13.79%	1,741.35	13.38%
Chhattisgarh	3,860.92	8.70%	2,352.49	7.43%	1,206.38	9.27%
Andhra Pradesh	2,984.25	6.73%	1,145.28	3.62%	436.89	3.36%
Kerala	2,008.35	4.53%	1,003.73	3.17%	451.59	3.47%
Jharkhand	1,958.00	4.41%	1,157.20	3.65%	498.98	3.83%
Gujarat	1,405.40	3.17%	927.19	2.93%	365.06	2.80%
Bihar	1,143.86	2.58%	124.08	0.39%	1.42	0.01%
Rajasthan	979.39	2.21%	6.57	0.02%	-	0.00%
West Bengal	519.22	1.17%	273.77	0.86%	129.98	1.00%
Goa	399.46	0.90%	209.23	0.66%	100.21	0.77%
Telangana	294.48	0.66%	48.91	0.15%	21.11	0.16%
Uttar Pradesh	274.94	0.62%	75.79	0.24%	59.49	0.46%
Pondicherry	26.96	0.06%	-	0.00%	-	0.00%
Tamil Nadu	14.33	0.03%	-	0.00%	-	0.00%
Total	**44,372.78**	**100.00%**	**31,667.85**	**100.00%**	**13,015.36**	**100.00%**

Exposure of Districts

The following table sets forth our exposure to the districts in which we have a presence, measured through the percentage contribution of the loan portfolio from the district to our Gross AUM:

Exposure of Districts	As of March 31, 2019 (Consolidated)		As of March 31, 2018 (Consolidated)		As of March 31, 2017 (Standalone)	
% Contribution to Gross AUM	No. of Districts	% of Total Districts	No. of Districts	% of Total Districts	No. of Districts	% of Total Districts
< 0.5%..................	194	73.48%	138	62.16%	105	54.40%
0.5% - <=1%.........	55	20.83%	62	27.93%	63	32.64%
>1% - <=2%..........	15	5.68%	22	9.91%	24	12.44%

>2% - <=5%	-	-	-	0.00%	1	0.52%
Total	**264**	**100.00%**	**222**	**100.00%**	**193**	**100.00%**

Borrowing Profile

The following table sets out our borrowing profile:

	As of March 31,					
	2019 (Consolidated)		**2018 (Consolidated)**		**2017 (Standalone)**	
	₹ in million	*% of Total*	*₹ in million*	*% of Total*	*₹ in million*	*% of Total*
Total Debt Securities	13,719.64	46.23%	10,147.13	43.52%	0	0.00%
Total Borrowings (Other than Debt Securities)	15,754.79	53.09%	12,965.08	55.61%	9,324.57	99.89%
Secured Term Loan						
- Indian rupee loan from banks .	10,297.00	34.70%	9,704.30	41.62%	9,324.57	99.89%
- Indian rupee loan from non-banking financial companies	5,457.79	18.39%	3,260.38	13.98%	0	0.00%
- Indian rupee loan from financial institutions............................	0	0.00%	0	0.00%	0	0.00%
- Cash credit from bank (secured)	0	0.00%	0.40	0.00%	0	0.00%
Subordinated Liabilities	202.94	0.68%	201.55	0.86%	10.09	0.11%
Total	**29,677.37**	**100.00%**	**23,313.76**	**100.00%**	**9,334.66**	**100.00%**

Loan Securitization and Assignment

	As of March 31,		
	2019 (Consolidated)	**2018 (Consolidated)**	**2017 (Standalone)**
		₹ in million	
Outstanding carrying value of loans securitised	6,638.38	6,846.03	-
Outstanding carrying value of loans derecognised	1,403.81	-	-

Capital Adequacy

While we believe these ratios have been computed using appropriate assumptions, in the absence of specific guidance from RBI on the computation of CRAR under the Ind AS regime, such ratios may not be comparable with other NBFCs.

The table below sets forth certain information relating to the CRAR of our Company based on our Restated Financial Statements prepared in accordance with Ind AS, as of the periods indicated.

Spandana Sphoorty Financial Limited CRAR

Particulars	As of March 31,		
	2019 (Standalone)	**2018 (Standalone)**	**2017 (Standalone)**
		(₹ in million, except percentage)	
Tier I Capital	16,842.07	10,038.16	6,954.80
Tier II Capital...	455.02	310.64	62.8
Total Capital	17,297.09	10,348.80	7,017.60
Total Risk Weighted Assets	**43,670.96**	**31,808.26**	**14,317.71**
Capital Adequacy Ratio / Capital to Risk Weighted Assets Ratio			
CRAR - Tier I capital (%)	38.57%	31.56%	48.52%
CRAR - Tier II capital (%)...	1.04%	0.98%	0.44%
CRAR (%)..	**39.61%**	**32.54%**	**48.96%**

Our Company has considered impairment allowance towards Stage I and Stage II loans as "'contingent provision for standard assets" for calculating Tier II capital. Our Company has determined the capital adequacy ratio using the carrying value of assets and liabilities.

For the year ended March 31, 2017, the RBI modified the NBFC-MFI directions vide its circular no. RBI/2012-13/161 DNBS (PD) CC.No.300 /03.10.038/2012-13 dated August 3, 2012, which specifies that provisions made towards the loan portfolio in the states of Andhra Pradesh and Telangana (which originated prior to January 1, 2012) should be added back notionally to the net owned funds for the purpose of calculation of CRAR and should be progressively reduced by 20% each year over 5 years from the period March 31, 2013 to March 31, 2017. Accordingly, 20% of such provisioning has been notionally reckoned as a part of net own funds.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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Auditors' Report on the restated consolidated summary statement of assets and liabilities as at March 31, 2019 and 2018 and restated consolidated summary statements of profit and loss, cash flows and changes in equity for each of the years ended March 31, 2019 and 2018 of Spandana Sphoorty Financial Limited (collectively, the "Restated Consolidated Ind AS Summary Statements")

The Board of Directors
Spandana Sphoorty Financial Limited
Plot No. 31 & 32, Ramky Selenium Towers,
Tower A, Ground Floor, Financial District, Nanakramguda,
Hyderabad, Telangana – 500 032

Dear Sirs / Madams,

1. We have examined the attached Restated Consolidated Ind AS Summary Statements of Spandana Sphoorty Financial Limited (the "Company") and its subsidiaries (the Company and its subsidiaries collectively referred to as the "Group") as at March 31, 2019 and 2018 and for each of the years ended March 31, 2019 and 2018, annexed to this report and prepared by the Company for the purpose of inclusion in the Red Herring Prospectus and Prospectus (collectively referred to as the "Offer Documents") in connection with its proposed initial public offer of equity shares of face value of Rs.10 each ("IPO"). The Restated Consolidated Ind AS Summary Statements, which have been approved by the Board of Directors of the Company, have been prepared by the Company in accordance with the requirements of:

    a) Section 26 of Chapter III of the Companies Act, 2013, as amended (the "Act"); and

    b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992, as amended.

Management's Responsibility for the Restated Consolidated Ind AS Summary Statements

2. The preparation of the Restated Consolidated Ind AS Summary Statements, which are to be included in the Offer Documents, is the responsibility of the Management of the Company for the purpose set out in paragraph 13 below. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Consolidated Ind AS Summary Statements. The Management is also responsible for identifying and ensuring that the Company complies with the Act and the ICDR Regulations.

Auditors' Responsibilities

3. We have examined such Restated Consolidated Ind AS Summary Statements taking into consideration:

    a) the terms of reference and our engagement agreed with you vide our engagement letter dated May 31, 2019, requesting us to carry out work on such Restated Consolidated Ind AS Summary Statements, proposed to be included in the Offer Documents of the Company in connection with the Company's proposed IPO;

    b) the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (the "Guidance Note"); and

    c) 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 and the ICDR Regulations in connection with the IPO.

4. The Company proposes to make an IPO which comprises a fresh issue of equity shares of Rs.10 each by the Company and an offer for sale by certain shareholders of the existing equity shares of Rs.10 each, at an issue price, to be arrived at by a book building process, as may be decided by the Board of Directors of the Company.

Restated Consolidated Ind AS Summary Statements as per audited consolidated financial statements

5. The Restated Consolidated Ind AS Summary Statements have been compiled by the management from:

(a) the audited consolidated financial statements as at and for each of the years ended March 31, 2019 and 2018 which have been approved by the Board of Directors at their meetings held on June 28, 2019 and May 15, 2018, respectively. The consolidated financial statements as at and for the year ended March 31, 2019 were prepared by the Company in accordance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The consolidated financial statements as at and for the year ended March 31, 2018 were prepared by the Company 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.

(b) the financial information in relation to the Company's subsidiaries as listed below, which are audited by another auditor and included in the consolidated financial statements:

Name of the entity	Name of the audit firm	Relationship	Period covered
Caspian Financial Services Limited	Padmanaban & Associates Chartered Accountants	Subsidiary	As at and for the year ended March 31, 2019.
	Prashant Agarwal & Co.	Subsidiary	As at March 31, 2018 and for the period from October 13, 2017 to March 31, 2018.
Criss Financial Holdings Limited	Raju & Prasad Chartered Accountants	Subsidiary	As at March 31, 2019 and for the period from December 27, 2018 to March 31, 2019.

6. For the purpose of our examination, we have relied on:

(a) the Auditors' Reports issued by us dated June 28, 2019 and May 15, 2018 on the consolidated financial statements of the Group as at and for each of the years ended March 31, 2019 and 2018 respectively, as referred in Para 5 (a) above.

(b) As indicated in our audit reports referred above, we did not audit the financial statements of the subsidiaries as referred in paragraph 5 (b) above, whose financial statements reflect total assets, total revenues, net cash inflows/ (outflow) and net profit included in the Restated Consolidated Ind AS Summary Statements as tabulated below:

(Amount in Rupees Million)

Particulars	As at and for the year/ period ended March 31, 2019	As at and for the year/ period ended March 31, 2018
Total assets	1,083.91	20.29
Total revenue	89.86	0.32
Net cash inflow/(outflow)	(2.53)	20

These financial statements have been audited by another firm of Chartered Accountants as listed in paragraph 5 (b) above, whose report has been furnished to us and our opinion in so far as it relates to the amounts included in these Restated Consolidated Ind AS Summary Statements are based solely on the report of such other auditors.

The other auditors of the subsidiaries, as mentioned in paragraph 5(b), have confirmed vide their examination reports each dated June 28, 2019 that the restated financial information of such subsidiaries:

i) has been made after making such adjustments and regroupings, for the changes in accounting policies of the Company to reflect the accounting treatment as per changed accounting policy for the reporting period;

ii) do not contain any extra-ordinary items that need to be disclosed separately in the Restated Consolidated Ind AS Summary Statements and do not contain any qualification requiring adjustments.

7. Based on our examination, in accordance with the requirements of Section 26 of Chapter III of the Act, the ICDR Regulations and the Guidance Note, we report that:

a) The restated consolidated summary statement of assets and liabilities of the Group as at March 31, 2019 and 2018 examined by us, as set out in Annexure 1 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 5 – Restated Consolidated Statement of Material Adjustments.

b) The restated consolidated summary statement of profit and loss of the Group for each of the years ended March 31, 2019 and 2018 examined by us, as set out in Annexure 2 to this report, have been arrived at after making adjustments and regroupings/ reclassifications as in our opinion were appropriate and more fully described in Annexure 5 – Restated Consolidated Statement of Material Adjustments.

c) The restated consolidated summary statement of cash flows of the Group for each of the years ended March 31, 2019 and 2018 examined by us, as set out in Annexure 3 to this report, have been arrived at after making adjustments and regroupings/ reclassifications as in our opinion were appropriate and more fully described in Annexure 5 – Restated Consolidated Statement of Material Adjustments.

d) The restated consolidated summary statement of changes in equity of the Group for each of the years ended March 31, 2019 and 2018 examined by us, as set out in Annexure 4 to this report, have been arrived at after making adjustments and regroupings/ reclassifications as in our opinion were appropriate and more fully described in Annexure 5 – Restated Consolidated Statement of Material Adjustments.

e) Based on the above and according to the information and explanations given to us, we further report that:

i) The Restated Consolidated Ind AS Summary Statements have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;

ii) The Restated Consolidated Ind AS Summary Statements have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;

iii) The Restated Consolidated Ind AS Summary Statements do not contain any extra-ordinary items that need to be disclosed separately in the Restated Consolidated Ind AS Summary Statements;

iv) There are no qualifications in the auditors' reports on the audited financial statements as at and for each of the years ended March 31, 2019 and 2018, which require any adjustments to the Restated Consolidated Ind AS Summary Statements; and

v) Emphasis of matter included in the auditors' report on the consolidated Ind AS financial statements for the year ended March 31, 2019, which does not require any corrective adjustment in the Restated Consolidated Ind AS Summary Statements, is as follows:

Emphasis of Matter

We draw attention to Note 33 (b) of the consolidated Ind AS financial statements, which describes an uncertainty arising from an observation made by the Reserve Bank of India (RBI), in respect of the Holding Company, with regards to adherence to the pricing guidelines issued under RBI Master Directions DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, as amended ("Master Directions") and Holding Company's response thereto supported by external legal advice confirming compliance with the Master Directions. Pending outcome of the Holding Company's response to the RBI, no provision has been made in these consolidated Ind AS financial statements.

Our opinion is not modified in respect of this matter.

8. We have not audited any financial statements of the Group as of any date or for any period subsequent to March 31, 2019. Accordingly, we express no opinion on the financial position, results of operations, cash flows or changes in equity of the Group as of any date or for any period subsequent to March 31, 2019.

Other Financial Information

9. At the Company's request, we have also examined the following restated consolidated financial information proposed to be included in the Offer Documents, prepared by the Management and approved by the Board of Directors of the Company on June 28, 2019 and annexed to this report relating to the Group, as at and for each of the years ended March 31, 2019 and 2018:

   i. Restated Consolidated Summary Statement of Cash and cash equivalents, enclosed as Annexure 7;
   ii. Restated Consolidated Summary Statement of Bank balance other than cash and cash equivalents, enclosed as Annexure 8;
   iii. Restated Consolidated Summary Statement of Trade receivables, enclosed as Annexure 9;
   iv. Restated Consolidated Summary Statement of Loan portfolio, enclosed as Annexure 10;
   v. Restated Consolidated Summary Statement of Investments, enclosed in Annexure 11;
   vi. Restated Consolidated Summary Statement of Other financial assets, enclosed as Annexure 12;
   vii. Restated Consolidated Summary Statement of Current Tax Assets (net), enclosed as Annexure 13;
   viii. Restated Consolidated Summary Statement of Deferred Tax Assets (net), enclosed as Annexure 14;
   ix. Restated Consolidated Summary Statement of Property, plant and equipment, enclosed as Annexure 15;
   x. Restated Consolidated Summary Statement of Other Non-Financial assets, enclosed as Annexure 16;
   xi. Restated Consolidated Summary Statement of Borrowings, enclosed as Annexure 17;
   xii. Restated Consolidated Summary Statement of Other Financial liabilities, enclosed as Annexure 18;
   xiii. Restated Consolidated Summary Statement of Current Tax Liabilities (net), enclosed as Annexure 19;
   xiv. Restated Consolidated Summary Statement of Provisions, enclosed as Annexure 20;
   xv. Restated Consolidated Summary Statement of Other Non-Financial liabilities, enclosed as Annexure 21;
   xvi. Restated Consolidated Summary Statement of Equity Share capital, enclosed as Annexure 22;
   xvii. Restated Consolidated Summary Statement of Other Equity, enclosed as Annexure 23;
   xviii. Restated Consolidated Summary Statement of Interest Income, enclosed as Annexure 24;
   xix. Restated Consolidated Summary Statement of Net gain on fair value changes, enclosed as Annexure 25;
   xx. Restated Consolidated Summary Statement of Others, enclosed as Annexure 26;
   xxi. Restated Consolidated Summary Statement of Other income, enclosed as Annexure 27;
   xxii. Restated Consolidated Summary Statement of Finance costs, enclosed as Annexure 28;
   xxiii. Restated Consolidated Summary Statement of Impairment on financial instruments, enclosed as Annexure 29;
   xxiv. Restated Consolidated Summary Statement of Employee benefits expense, enclosed as Annexure 30;
   xxv. Restated Consolidated Summary Statement of Other expenses, enclosed as Annexure 31;
   xxvi. Restated Consolidated Summary Statement of Income Tax expense, enclosed as Annexure 32;
   xxvii. Restated Consolidated Summary Statement of Earnings per share, enclosed as Annexure 33;
   xxviii. Statement of Dividend, enclosed as Annexure 34.
   xxix. Restated Consolidated Summary Statement of Capitalisation, enclosed as Annexure 35;
   xxx. Restated Consolidated Summary Statement of Accounting Ratios, enclosed as Annexure 36;
   xxxi. Restated Consolidated Summary Statement of Tax Shelter, enclosed as Annexure 37;
   xxxii. Restated Consolidated Summary Statement of Additional Information, enclosed as Annexure 38;

10. According to the information and explanations given to us, in our opinion, the Restated Consolidated Ind AS Summary Statements and the above restated consolidated statements contained in Annexures 7 to 38 accompanying this report, read with Restated Consolidated Statement of Significant Accounting Policies disclosed in Annexure 6, are prepared after making adjustments and regroupings as considered appropriate and disclosed in Annexure 5 and have been prepared in accordance with Section 26 of Chapter III of the Act, the ICDR Regulations and the Guidance Note.

11. This report should not in any way be construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the management for inclusion in the Offer Documents to be filed with SEBI, BSE Limited, the National Stock Exchange of India Limited and the Registrar of Companies, Hyderabad in connection with the proposed IPO and is not to be used, referred to or distributed for any other purpose except with our prior consent in writing.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Shrawan Jalan
Partner
Membership No. 102102

Mumbai
June 28, 2019

Spandana Sphoorty Financial Limited
Annexure 1: Restated Consolidated Summary Statement of Assets and Liabilities

(Rupees in millions unless otherwise stated)

Particulars	Annexures	As at March 31, 2019	As at March 31, 2018
ASSETS			
Financial assets			
Cash and cash equivalents	7	1,486.12	1,045.36
Bank Balances other than cash and cash equivalents	8	2,031.86	1,032.47
Trade Receivables	9	35.49	25.03
Loan Portfolio	10	42,677.59	30,896.26
Investments	11	1.00	1.00
Other financial assets	12	604.47	659.60
Total Financial Assets		**46,836.53**	**33,659.72**
Non-financial assets			
Current tax assets (net)	13	83.37	41.86
Deferred tax assets (net)	14	1,999.79	3,840.84
Property, Plant and Equipment	15	71.74	58.54
Intangible assets	15	22.21	26.03
Goodwill		173.74	-
Other non-financial assets	16	129.69	15.48
Total Non-Financial Assets		**2,480.54**	**3,982.75**
Total Assets		**49,317.07**	**37,642.47**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Debt Securities	17	13,719.64	10,147.13
Borrowings (Other than Debt Securities)	17	15,754.79	12,965.08
Subordinated Liabilities	17	202.94	201.55
Other Financial liabilities	18	444.85	145.14
Total Financial Liabilities		**30,122.22**	**23,458.90**
Non-Financial Liabilities			
Current Tax Liabilities (net)	19	62.83	92.98
Provisions	20	3.59	3.90
Other Non-Financial liabilities	21	224.85	180.33
Total Non-Financial Liabilities		**291.27**	**277.21**
EQUITY			
Equity Share Capital	22	596.34	297.56
Other Equity	23	18,298.02	13,608.80
Equity attributable to shareholders of the company		**18,894.36**	**13,906.36**
Non Controlling Interest	23	9.22	-
Total Equity		**18,903.58**	**13,906.36**
Total Liabilites and Equity		**49,317.07**	**37,642.47**
Summary of significant accounting policies	6		

The accompanying annexures are an integral part of the restated consolidated summary statements.

As per our report of even date
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

per Shrawan Jalan
Partner
Membership No.102102

Padmaja Gangireddy
Managing Director
DIN: 00004842

Kartikeya Dhruv Kaji
Director
DIN: 07641723

Sudhesh Chandrasekar
Chief Financial Officer

Rakesh Jhinjharia
Company Secretary
Membership No. F8325

Place: Mumbai
Date: June 28, 2019

Place: Mumbai
Date: June 28, 2019

Spandana Sphoorty Financial Limited
Annexure 2: Restated Consolidated Summary Statement of Profit and Loss

(Rupees in millions unless otherwise stated)

Particulars	Annexures	For year ended March 31, 2019	For year ended March 31, 2018
Revenue from Operations			
Interest Income	24	9,978.74	5,730.41
Commission Income		150.12	39.75
Net gain on fair value changes	25	266.76	42.15
Others	26	35.34	60.75
Total Revenue from operations		**10,430.96**	**5,873.06**
Other income	27	54.33	2.25
Total Income		**10,485.29**	**5,875.31**
Expenses			
Finance cost	28	3,578.65	2,317.91
Impairment on financial instruments	29	453.00	(354.09)
Employee benefit expenses	30	1,310.46	758.71
Depreciation and amortization expense	15	69.66	57.24
Other expenses	31	338.80	268.53
Total expenses		**5,750.57**	**3,048.30**
Profit before tax		**4,734.72**	**2,827.01**
Tax expense:			
Current tax	32	12.88	573.43
Deferred tax	32	1,602.84	374.12
Income tax expense		**1,615.72**	**947.55**
Profit for the period		**3,119.00**	**1,879.46**
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		(2.94)	(0.42)
Income tax effect		1.03	0.14
Items that will be reclassified subsequently to profit or loss			
Fair Value gain on Portfolio		688.80	-
Income tax effect		(240.69)	-
Total other comprehensive income for the year		446.20	(0.28)
Total comprehensive income for the year		**3,565.20**	**1,879.18**
Profit for the year attributable to:			
Shareholders of the company		3,118.24	1,879.46
Non-controlling interests		0.76	-
		3,119.00	**1,879.46**
Total other comprehensive income for the year attributable to :			
Shareholders of the company		3,564.44	1,879.18
Non-controlling interests		0.76	-
		3,565.20	**1,879.18**
Earnings per share (equity share, par value of Rs.10 each)			
Basic	33	53.46	42.52
Diluted	33	53.35	42.51
Nominal value of share (Rs.)		10.00	10.00
Summary of significant accounting policies	6		

The accompanying annexures are an integral part of the restated consolidated summary statements.

As per our report of even date
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

per Shrawan Jalan
Partner
Membership No.102102

Padmaja Gangireddy
Managing Director
DIN: 00004842

Kartikeya Dhruv Kaji
Director
DIN: 07641723

Sudhesh Chandrasekar
Chief Financial Officer

Rakesh Jhinjharia
Company Secretary
Membership No. F8325

Place: Mumbai
Date: June 28, 2019

Place: Mumbai
Date: June 28, 2019

Spandana Sphoorty Financial Limited
Annexure 3: Restated Consolidated Summary Statement of Cash Flows

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018
Cash flow from operating activities		
Profit before tax	4,734.72	2,827.01
Adjustments for:		
Interest on income tax	3.15	24.40
Depreciation and amortization	69.66	57.24
Share based payment to employees	41.25	-
Provision for gratuity	4.01	4.05
Net (gain)/ loss on derecognition of property, plant and equipment	0.37	(0.40)
Impairment on financial instruments	453.00	(354.09)
Net gain on fair value changes	(110.63)	(15.84)
Other provisions and write offs	23.51	19.06
Operating profit before working capital changes	**5,219.04**	**2,561.43**
Movements in working capital :		
Increase / (decrease) in other financial liabilities	285.30	(114.38)
Increase / (decrease) in other non financial liabilities	42.73	5.78
Increase / (decrease) in provisions	(7.68)	(6.55)
(Increase) / decrease in bank balances other than cash and cash equivalents	(977.74)	(1,009.39)
(Increase) / decrease in trade receivables	(10.46)	(10.39)
(Increase) / decrease in other financial assets	31.63	(661.24)
(Increase) / decrease in loan portfolio	(10,070.52)	(18,596.70)
(Increase) / decrease in other non financial assets	(109.85)	16.25
Cash used in operations	**(5,597.55)**	**(17,815.19)**
Income taxes paid	(135.88)	(735.74)
Net cash generated/ (used) in operating activities (A)	**(5,733.43)**	**(18,550.93)**
Cash flow from investing activities		
Purchase of property, plant and equipment	(69.56)	(34.87)
Purchase of intangible assets	(8.00)	(16.93)
Proceeds from derecognition of property, plant and equipment	0.08	0.48
Purchase of investments	(67,585.20)	(34,856.79)
Proceeds from sale of investments	67,695.83	34,872.64
Investment in subsidiary (net of cash acquired)	(360.95)	-
Net cash generated/ (used) in investing activities (B)	**(327.80)**	**(35.47)**
Cash flows from financing activities		
Proceeds from issue of equity shares (including securities premium)	501.00	307.87
Balance subscription of optionally convertible redeemable preference shares (all series) (including securities premium)	532.31	2,442.13
Proceeds from issue of share warrants (including securities premium)	349.03	1.49
Dividend paid on compulsory convertible preference shares (all class)	(0.13)	-
Debt securities (net)	3,572.51	10,147.13
Borrowings (other than debt securities) (net)	1,664.56	3,640.51
Subordinated liabilities (net)	(117.29)	191.46
Net cash generated/ (used) from financing activities (C)	**6,501.99**	**16,730.59**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**440.76**	**(1,855.81)**
Cash and cash equivalents at the beginning of the year	1,045.36	2,901.17
Cash and cash equivalents at the end of the year (refer annexure 7)	**1,486.12**	**1,045.36**

For disclosure of investing and financing transactions that do not require the use of cash and cash equivalents, refer annexure 38.15.
Cash flow from operating activities includes interest received of Rs.9,515.54 million for the year ended March 31, 2019 (March 31, 2018: Rs. 5,347.80 million) and interest paid of Rs.3,339.58 million for the year ended March 31, 2019 (March 31, 2018: Rs. 1,874.69 million)

Summary of significant accounting policies (annexure - 6)

The accompanying annexures are an integral part of the restated consolidated summary statements.

As per our report of even date
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

per Shrawan Jalan
Partner
Membership No.102102

Padmaja Gangireddy
Managing Director
DIN: 00004842

Kartikeya Dhruv Kaji
Director
DIN: 07641723

Sudhesh Chandrasekar
Chief Financial Officer

Rakesh Jhinjharia
Company Secretary
Membership No. F8325

Place: Mumbai
Date: June 28, 2019

Place: Mumbai
Date: June 28, 2019

Spandana Sphoorty Financial Limited
Annexure 4: Restated Consolidated Summary Statement of Changes in Equity

A. Equity Shares
Equity Share of Rs. 10 each issued, subscribed and fully paid

(Rupees in millions unless otherwise stated)

Particulars	No. of Shares	Amount
As at April 01, 2017	28,449,393	284.49
Issue of equity share capital during the year ended March 31, 2018 (refer annexure 22)	1,307,425	13.07
As at March 31, 2018	29,756,818	297.56
Issue of equity share capital during the year ended March 31, 2019 (refer annexure 22)	29,876,865	298.77
As at March 31, 2019	59,633,683	596.34

B. Other Equity

(Rupees in millions unless otherwise stated)

Particulars	Annexure	Reserves & Surplus							Equity component of compound financial instrument	Money received against share warrants	Total Equity	Other items of comprehensive income (fair valuation on loan portfolio)	Other Equity	Non Controlling Interest	Grand Total
		Securities Premium	Retained Earnings	General Reserve	Statutory Reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	Capital Redemption Reserve	Share options outstanding reserve	Total							
Balance as at April 1, 2017		**2,582.81**	**(5,756.87)**	**23.28**	**1,604.97**	**1,526.92**	**-**	**(18.89)**	**9,010.08**	**-**	**8,991.20**	**-**	**8,991.20**	**-**	**8,991.20**
Profit for the year		-	1,879.46	-	-	-	-	1,879.46	-	-	1,879.46	-	1,879.46	-	1,879.46
Other comprehensive income		-	(0.28)	-	-	-	-	(0.28)	-	-	(0.28)	-	(0.28)	-	(0.28)
Total comprehensive income for the year		**-**	**1,879.18**	**-**	**-**	**-**	**-**	**1,879.18**	**-**	**-**	**1,879.18**	**-**	**1,879.18**	**-**	**1,879.18**
Transfer to Statutory Reserve *		-	(343.70)	-	343.70	-	-	-	-	-	-	-	-	-	-
Issue of share capital during the year		294.80	-	-	-	-	-	294.80	2,442.13	1.49	2,738.42	-	2,738.42	-	2,738.42
Balance as at March 31, 2018	**23**	**2,877.61**	**(4,221.38)**	**23.28**	**1,948.67**	**1,526.92**	**-**	**2,155.09**	**11,452.21**	**1.49**	**13,608.80**	**-**	**13,608.80**	**-**	**13,608.80**
Profit for the year ended March 31, 2019		-	3,118.24	-	-	-	-	3,118.24	-	-	3,118.24	-	3,118.24	**0.76**	3,119.00
Other comprehensive income for the year ended March 31, 2019		-	(1.90)	-	-	-	-	(1.90)	-	-	(1.90)	448.11	446.21	**0.00**	446.21
Total comprehensive income for the year		**-**	**3,116.34**	**-**	**-**	**-**	**-**	**3,116.34**	**-**	**-**	**3,116.34**	**448.11**	**3,564.45**	**0.76**	**3,565.21**
Share of Non - Controlling interest arising on business combination		-	-	-	-	-	-	-	-	-	-	-	-	8.46	8.46
Transfer to Statutory Reserve		-	(617.50)	-	617.50	-	-	-	-	-	-		-	-	-
Fair value of stock option - charge for the year		-	-	-	-	-	41.25	41.25			41.25		41.25	-	41.25
Issue of share capital during period ended March 31, 2019	22	479.72	-	-	-	-	-	479.72	-	-	479.72		479.72	-	479.72
Conversion of Compulsory Convertible preference shares	22	11,212.29	-	-	-	-	-	11,212.29	(11,452.21)	-	(239.92)		(239.92)	-	(239.92)
Conversion of Optionally Convertible Redeemable preference shares - Series A, B & C	22	509.70	-	-	-	-	-	509.70	-	-	509.70		509.70	-	509.70
Conversion of share warrants	22	335.64	-	-	-	-	-	335.64	-	(1.49)	334.15		334.15	-	334.15
Dividend on CCPS all class(includes dividend distribution tax)	22	-	(0.13)	-	-	-	-	(0.13)	-	-	(0.13)		(0.13)	-	(0.13)
Balance as atMarch 31, 2019	**23**	**15,414.96**	**(1,722.67)**	**23.28**	**2,566.17**	**1,526.92**	**41.25**	**17,849.91**	**-**	**-**	**17,849.91**	**448.11**	**18,298.02**	**9.22**	**18,307.24**

* As determined on the basis of profits under previous GAAP.
The accompanying annexures are an integral part of the restated consolidated summary statements.

As per our report of even date
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

per Shrawan Jalan
Partner
Membership No.102102

Padmaja Gangireddy
Managing Director
DIN: 00004842

Kartikeya Dhruv Kaji
Director
DIN: 07641723

Sudhesh Chandrasekar
Chief Financial Officer

Rakesh Jhinjharia
Company Secretary
Membership No. F8325

Place: Mumbai
Date: June 28, 2019

Place: Mumbai
Date: June 28, 2019

Annexure 5: Restated Consolidated Summary Statement of Material Adjustments (Rupees in millions unless otherwise stated)

A. Summary of restatements made in the audited financial statements for the respective years and its impact on the profits of the Group is as follows :

Particulars	For the year ended	
	March 31, 2019	March 31, 2018
Net Profit as per Audited Financial Statements	**3,565.20**	**1,718.27**
Adjustments for restatement (decrease) / increase in profits		
Effect of Ind AS adjustments (refer annexure 38.7)	-	160.91
Net profit for the year ended as restated	**3,565.20**	**1,879.18**

B. Non adjusting items:

For the year ended March 31, 2019

Auditors report include Emphasis of Matter paragraph which do not require any adjustment in the restated consolidated summary statements.

Emphasis of Matter:

We draw attention to Note 33 of the consolidated Ind AS financial statements, which describes an uncertainty arising from an observation made by the Reserve Bank of India (RBI),in respect of the Holding Company, with regards to adherence to the pricing guidelines issued under RBI Master Directions DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, as amended ("Master Directions") and Holding Company's response thereto supported by external legal advice confirming compliance with the Master Directions. Pending outcome of the Holding Company's response to the RBI, no provision has been made in these consolidated Ind AS financial statements.
Our opinion is not modified in respect of this matter.

1. Corporate information

Spandana Sphoorty Financial Limited ('the Company' or 'Holding Company' or 'Parent Company') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on March 10, 2003.The Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and got classified as Non-Banking Financial Company – Micro Finance Institution (NBFC – MFI) effective April 13, 2015.The Company is primarily engaged in the business of micro finance providing small value unsecured loans to low-income customers in semi-urban and rural areas. The tenure of these loans is generally spread over one to two years. The Holding Company together with its subsidiaries listed below hereinafter collectively referred to as the 'the Group'.

Caspian Financial Services Limited or ('CFSL') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on October 13, 2017. The main objective of CFSL is to carry on the business of lending (other than micro finance).

Criss Financial Holdings Limited (formerly Keertana Financial Limited) ('CFL') is a public company limited by shares domiciled in India and incorporated under the provision of the Companies Act, 1956 ('the Act') on August 20, 1992.The Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI'). The Company is engaged in the business of finance by providing Individual Loans, Small Business Loans, Mortgage Loans and Group Loans. On December 27, 2018, the Company acquired 95.97% of the equity shares (2,837,135 shares) of CFL, further on December 28, 2018 the Company subscribed to issue of fresh equity shares of 1,890,217 there by holding 97.54% of the total share holding.

CFSL and CFL have been collectively referred to as "the Subsidiaries".

2. Basis of preparation

a) Statement of compliance in preparation of restated consolidated summary statements

The Restated Consolidated Summary Statement of Assets and Liabilities of the Group as at March 31, 2019 and March 31, 2018, the related Restated Consolidated Summary Statement of Profit and Loss (including other comprehensive income), Restated Consolidated Summary Statement of Cash Flows and Restated Consolidated Summary Statement of Changes in Equity for each of the years ended March 31, 2019 and March 31, 2018 (hereinafter, collectively referred to as "Restated Consolidated Ind AS Summary Statements") have been prepared specifically for inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ("SEBI"), the stock exchanges and the Registrar of Companies in connection with its proposed initial public offering ("IPO") of its equity shares.

In accordance with the roadmap for implementation of Indian Accounting Standards ("Ind AS") for non-banking financial companies, as announced by the Ministry of Corporate Affairs, the Group adopted Ind AS from April 1, 2018 with an effective date of April 1, 2017 for such transition. For the year ended March 31, 2018, the Company had prepared and presented its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "previous GAAP"). Accordingly, the consolidated financial statements for the year ended March 31, 2019 were prepared by the Company to comply, in all material respects, with Ind AS and the consolidated financial statements for the year ended March 31, 2018 was prepared by the Company to comply, in all material respects, with Indian GAAP.

The Restated Consolidated Ind AS Summary Statements of the Group have been prepared under Ind AS using the historical audited general purpose consolidated financial statements of the Group as at and for the years ended March 31, 2019 and March 31, 2018 which were originally approved by the Board of Directors of the Company at that relevant time. The figures for the year ended March 31, 2018 have been restated, regrouped and reclassified, wherever required to comply with Ind-AS and Schedule III to the Companies Act, 2013 to make them comparable.

These Restated Consolidated Ind AS Summary Statements have been prepared using presentation and disclosure requirements of the Schedule III of the Companies Act, 2013, as amended. The accounting policies used in preparation of these Restated Consolidated Ind AS Summary Statements have been consistently applied by the Group and are consistent with those adopted in the preparation of consolidated financial statements for the year ended March 31, 2019. These summary statements have been prepared on a historical cost convention, except for certain financial assets and liabilities those have been measured at fair value (refer accounting policy regarding financial instruments).

The Restated Consolidated Ind AS Summary Statements have been prepared by the Company to comply in all material respects with the requirements of Section 26 of Chapter III of the Companies Act, 2013, as amended read with the Securities and Exchange Board of India Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI ICDR Regulations") as amended.

b) Presentation of restated consolidated summary statements

The Group presents its restated summary statement of assets and liabilities in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis 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 Group and/or its counterparties

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the restated consolidated summary statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The restated consolidated summary statements are prepared using the uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, to the extent possible unless otherwise stated.

The standalone financial statements of the Company and the Subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

c) Principles of Consolidation

i) The restated consolidated summary statements incorporate the financial statements of the Parent Company and all its subsidiaries (from the date control is gained), being the entities that it controls. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Parent Company.

The Parent Company holds 100% shareholding in Caspian Financial Services Limited and 97.54% of the Shareholding in Criss Financial Holdings Limited and there are no contractual arrangements which rebute the control of the Parent Company over its subsidiaries.

(Rupees in millions unless otherwise stated)

The financial statements of subsidiaries acquired during the year are included in the restated consolidated summary statement of profit and loss from the effective date of acquisition. Intra group balances and transactions and any unrealised income and expenses arising from intra group transactions, are eliminated in preparing the restated consolidated summary statements

ii) The restated consolidated summary statement include results of the subsidiaries of Spandana Sphoorty Financial Limited. (Holding Company), consolidated in accordance with Ind AS 110 'Consolidated Financial Statements'.

Name of the Company	Country of Incorporation	Proportion of ownership as at reporting date	Consolidated as
Criss Financial Holdings Limited*	India	97.54%	Subsidiary
Caspian Financial Services Limited	India	100.00%	Subsidiary

* On December 27, 2018, the Company acquired 95.97% of the equity shares (2,837,135 shares) of CFL, further on December 28, 2018 the Company subscribed to issue of fresh equity shares of 1,890,217 there by holding 97.54% of the total share holding

For the preparation of restated consolidated summary statements for FY 2018-19 the group has consolidated financials of the holding company and its subsidiaries - Caspian Financial Services Limited and Criss Financial Holdings Limited (from December 27, 2018, the date of acquisition). For the preparation of restated consolidated summary statements for FY 2017-18 the group has consolidated financials of the holding company and its subsidiary Caspian Financial Services Limited (incorporated on October 13, 2017).

Figures for preparation of restated consolidated summary statements have been derived from the audited financial statements of the respective companies in the Group.

Disclosure in terms of Schedule III of the Companies Act, 2013

Name of the entities in the Group	**Net Assets (i.e. Total Assets minus Total Liabilities)**		**Share in Profit or (Loss)**		**Share in other comprehensive income**		**Share in total comprehensive income**	
	As % of consolidated net assets	**Amount**	**As % of consolidated profit or loss**	**Amount**	**As % of consolidated other comprehensive income**	**Amount**	**As % of consolidated total comprehensive income**	**Amount**
Holding Company								
Spandana Sphoorty Financial Limited	97.36%	18,863.75	98.99%	3,087.48	99.98%	446.11	99.11%	3,533.59
Subsidiaries								
Criss Financial Holdings Limited	2.53%	490.64	0.98%	30.45	0.02%	0.10	0.86%	30.54
Caspian Financial Services Limited	0.11%	20.84	0.03%	1.07	0.00%	0.00	0.03%	1.07
Total	**100.00%**	**19,375.23**	**100%**	**3,119.00**	**100.00%**	**446.21**	**100.00%**	**3,565.20**
a) Adjustments arising out of consolidation		(471.65)		0.00		0.00		0.00
b) Non-controlling interests in Criss Financial Holdings Limited		(9.22)		(0.76)		0.00		(0.76)
Total		**(480.87)**		**(0.76)**		**0.00**		**(0.76)**
Total		**18,894.36**		**3,118.24**		**446.21**		**3,564.44**

3. Significant accounting policies

a) Use of estimates, judgments and assumptions

The preparation of restated consolidated summary statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the restated consolidated summary statements is included in the following notes:

i) 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.

ii) Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

iii) Impairment of loan portfolio

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Group 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.

iv) Provisions other than impairment on loan portfolio

Provisions are held in respect of a range of future obligations such as employee entitlements and litigation provisions. 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.

v) Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

b) Recognition of income and expense

The Group earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Interest income and expense
Interest revenue is recognized using the effective interest 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 effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates 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 Group reverts to calculating interest income on a gross basis.
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.

(ii) Dividend income
Dividend income is recognized when the Group's right to receive the payment is established, which is generally when the shareholders approve the dividend.

(iii) Other income and expense
All Other income and expense are recognized in the period they occur.

c) Property, plant and equipment(PPE) and intangible asset

PPE

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Intangible Asset

Intangible assets represent software expenditure which is stated at cost less accumulated amortization and any accumulated impairment losses.

d) Depreciation and amortization

Depreciation

i. Depreciation on property, plant and equipment provided on a written down value method at the rates 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.

ii. Property, plant and equipment costing up to Rs.5,000 individually are fully depreciated in the year of purchase.

The Group has used the following useful lives to provide depreciation on its Property, plant and equipment:

(Rupees in millions unless otherwise stated)

Asset Category	Useful Life (in years)
Furniture & Fixtures	10
Computers & Printers	3
Office Equipment	5
Leasehold Improvements	3
Vehicles	8
Land & Buildings	60

Amortization
Intangible assets are amortized at a rate of 40% per annum on a "Written Down Value" method, from the date that they are available for use.

e) Impairment

i) Overview of principles for measuring expected credit loss ('ECL') on financial assets.
In accordance with Ind AS 109, the Group is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. Accordingly, the Group is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Group is required to recognize credit losses over next 12 month period. The Group has an option to determine such losses on individual basis or collectively depending upon the nature of underlying portfolio. The Group has a process to assess credit risk of all exposures at each year end as follows:

Stage I
These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Group has assessed that all standard exposures (i.e. exposures with no overdues) and exposure upto 30 day overdues fall under this category. In accordance with Ind AS 109, the Group measures ECL on such assets over next 12 months.

Stage II
Financial instruments 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 Group classifies all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Group measures lifetime ECL on stage II loans.

Stage III
All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Group measures lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount.

Methodology for calculating ECL
The Group determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. The Group does not discount such shortfalls considering relatively shorter tenure of loan contracts.

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 (12-month or lifetime, depending upon the stage of the asset).

Exposure at default (EAD) – It represents an estimate of the exposure of the Group at a future date after considering repayments by the counterparty before the default event occurs.

Loss given default (LGD) – It represents an estimate of the loss expected to be incurred when the event of default occurs.

Forward looking information
While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like GDP, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Group based on its internal data. While the internal estimates of PD, LGD rates by the Group may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Write-offs
Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. All such write-offs are charged to the Profit and Loss Statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

ii) Non financial assets
The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Operating Lease
Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. The Group has ascertained that the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and therefore, the lease payments are recognized as per terms of the lease agreement in the Statement of Profit and Loss.

g) Foreign currency transactions

- **Functional and presentation currency**
  The restated consolidated summary statements are presented in Indian Rupees (INR), which are the functional currency of the Group and the currency of the primary economic environment in which the Group operates.

- **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. 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. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

h) Retirement and Employee benefits

The Group participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Group's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Group's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Group. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Group operates following employee benefit plans:

i) Employee Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service.

ii) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Group. The Group's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

iii) Leaves

The service rules of the Group do not provide for the carry forward of the accumulated leave balance and leaves to credit of employees are encashed periodically at average gross salary.

iv) Employee Stock Option Plan

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments in form of employee stock options, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black Scholes valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in Stock Option Outstanding reserves in Other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit 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 and non-market performance 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 Group's best estimate of the number of equity instruments that will ultimately vest. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

i) Income taxes

Current Taxes
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with The Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are 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).

Deferred Taxes
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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 only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. The Group also recognizes the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Group only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Group’s intention to settle on a net basis.

Minimum Alternate Tax (MAT)
Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognized for MAT credit available only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Group reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

j) Earnings per share (EPS)
The Group reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

k) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of 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 Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognized within finance costs.

l) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the restated consolidated summary statements.

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. The Group does not have any contingent assets in the restated consolidated summary statements.

m) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instruments.

Financial Assets - All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Loan Portfolio at amortized cost
- Loan Portfolio at fair value through other comprehensive income (FVOCI)
- Investment in equity instruments and mutual funds at fair value through profit or loss
- Other financial assets atamortized cost

Loan Portfolio at amortized cost:

Loan Portfolio is measured at amortized cost where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI)on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

Loan Portfolio at FVOCI:

Loan Portfolio is measured at FVOCI where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- the financial asset is held within a business model where objective is achieved by both collecting contractual cash flows and selling financial assets.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, where the Group's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Group's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPI: 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 Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. The amortized cost, as mentioned above, is computed using the effective interest rate method.

After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized 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 finance income in the profit or loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note: Impairment of financial assets (refer note 3(e)).

Effective interest method - The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The amortized cost of the financial asset is adjusted if the Group revises its estimates of payments or receipts. The adjusted amortized cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognized on an effective interest basis for loan portfolio other than those financial assets classified as at FVTPL

Equity instruments and Mutual Funds

Equity instruments and mutual funds included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss Statement.

Financial liabilities

Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement
Financial liabilities are subsequently carried at amortized cost using the effective interest method.

De-recognition
The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

A financial liability is derecognized from the balance sheet when the Group has discharged its obligation or the contract is cancelled or expires.

n) Fair value measurement
The Group measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Group's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said restated consolidated summary statements.

The Group is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the restated consolidated summary statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

Accordingly, the Group 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.

All assets and liabilities for which fair value is measured or disclosed in the restated consolidated summary statements are categorized within the fair value hierarchy described as follows:

- *Level 1 financial instruments* - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- *Level 2 financial instruments* - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

- *Level 3 financial instruments* − include 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.

o) Cash and cash equivalents
Cash and cash equivalents 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.

p) 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.

q) Convertible Preference Shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, 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 preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

Annexure 7: Restated Consolidated Summary Statement of Cash and cash equivalents

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on hand	7.79	3.70
Balances with banks		
On current accounts	1,407.24	871.29
Deposit with original maturity of less than three months	71.09	170.37
	1,486.12	**1,045.36**

Annexure 8: Restated Consolidated Summary Statement of Bank Balances other than Cash and Cash Equivalents

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Deposit with remaining maturity of less than 12 months	85.22	21.67
Deposit with remaining maturity of more than 12 months	-	0.13
Margin money deposit*	1,946.64	1,010.67
	2,031.86	**1,032.47**

*Represent margin money deposits placed to avail term loans from banks and placed as cash collateral in connection with securitisation transactions.

Annexure 9: Restated Consolidated Summary Statement of Trade Receivables

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	35.49	25.03
	35.49	**25.03**

Annexure 10: Restated Consolidated Summary Statement of Loan Portfolio

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
At fair value through OCI		
Secured (by tangible assets), considered good*	629.23	-
Less: Impairment Loss Allowance	-	-
Unsecured, considered good*	41,272.82	-
Less: Impairment Loss Allowance	(253.60)	-
Considered doubtful**	3,627.81	-
Less: Impairment Loss Allowance	(3,622.37)	-
Total	**41,653.89**	**-**
At amortised cost		
Secured (by tangible assets), considered good*	63.76	245.92
Less: Impairment Loss Allowance	-	-
Unsecured, considered good*	960.05	30,701.51
Less: Impairment Loss Allowance	(0.11)	(109.07)
Considered doubtful**	-	8,653.53
Less: Impairment Loss Allowance	-	(8,595.63)
Total	**1,023.70**	**30,896.26**
Total loan portfolio	**42,677.59**	**30,896.26**
Above amount includes		
Loans provided in India	42,677.59	30,896.26
Loans provided outside India	-	-
	42,677.59	**30,896.26**

* Represents assets classified under stage I and stage II in accordance with Company's asset classification policy (refer annexure 6)

** Represents assets classified under stage III in accordance with Company's asset classification policy (refer annexure 6)

Overview of the Loan portfolio of the Company

The Group is primarily in the business of providing micro loans towards income generating activities with its operations spread out in different parts of India.

On October 15, 2010, the then Government of Andhra Pradesh promulgated "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Ordinance 2010" which was subsequently enacted as "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Act, 2011" ('AP MFI Act'). The AP MFI Act, inter alia, imposed several restrictions on the operations of the MFIs operating in the then state of Andhra Pradesh, including a change in repayment frequency for loan repayments from a 'weekly' to a 'monthly' basis.

As a result recoveries from the loan portfolio in the states of Andhra Pradesh and Telangana were adversely affected resulting in significant defaults. Such portfolio is hereinafter referred as the ‘old AP portfolio’. Accordingly, all such loans have been categorized under Stage III considering significant uncertainty with respect to their recoveries. All other exposures have been referred as ‘new portfolio’.

The table below discloses credit quality of the Company's exposures (net of impairment loss allowance) as at reporting date:

Portfolio classification as at March 31, 2019

Particulars	Stage I	Stage II	Stage III	Total
Considered good				
New portfolio	42,606.88	65.27	-	42,672.15
Considered doubtful				
New portfolio	-	-	5.44	5.44
Old AP portfolio*	-	-	-	-
Total	**42,606.88**	**65.27**	**5.44**	**42,677.59**

*Old AP portfolio is fully provided for, hence net exposure is Nil.

Portfolio classification as at March 31, 2018

Particulars	Stage I	Stage II	Stage III	Total
Considered good				
New portfolio	30,835.62	2.51	-	30,838.13
Considered doubtful				
New portfolio	-	-	58.13	58.13
Old AP portfolio*	-	-	-	-
Total	**30,835.62**	**2.51**	**58.13**	**30,896.26**

*Old AP portfolio is fully provided for, hence net exposure is Nil.

Gross Portfolio Movement for the year ended March 31, 2019

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2018				
New portfolio	30,940.84	6.59	720.43	31,667.86
Old AP portfolio	-	-	7,933.10	7,933.10
Total (A)	30,940.84	6.59	8,653.53	39,600.96
Interstage movements				
New portfolio				
Stage I	0.01	(0.01)	-	-
Stage II	(150.21)	150.21	-	-
Stage III	(43.39)	(1.27)	44.66	-
Old AP portfolio	-	-	-	-
Total (B)	(193.59)	148.93	44.66	-
Write offs**				
New portfolio	-	(60.73)	(836.11)	(896.84)
Old AP portfolio	-	-	(4,320.57)	(4,320.57)
Total (C)	-	(60.73)	(5,156.68)	(5,217.41)
New assets originated, repaid and derecognised during the year*				
New portfolio	11,339.59	55.42	114.13	11,509.15
Old AP portfolio	-	-	(27.83)	(27.83)
Total (D)	11,339.59	55.42	86.30	11,481.31
Fair Value on loan portfolio (E)	688.80	-	-	688.80
Gross carrying amount as at March 31, 2019				
New portfolio	42,775.64	150.21	43.11	42,968.96
Old AP portfolio	-	-	3,584.70	3,584.70
Total (A+B+C+D+E)	**42,775.64**	**150.21**	**3,627.81**	**46,553.66**

** The contractual amount of loans written-off during the year are not subject to enforcement activity / legal proceedings.

* New assets originated, repaid and derecognised includes portfolio of subsidiary (Criss Financial Holdings Limited) on the day of acquisition of control by the parent company.

Notes:

1. In the course of its review of the risk management strategy during September 2018, the Parent Company has decided to implement a regular programme of asset sale for certain portfolio. Accordingly, the Parent Company has changed its business model from Hold to Collect (amortized cost) to collect both the contractual cash flows and cash flows arising from the sale of assets from September 30, 2018 (FVOCI). Therefore, the Parent Company w.e.f. from October 1, 2018 has measured the portfolio at Fair Value Through Other Comprehensive Income. The gross amount of such portfolio as at October 1, 2018 was Rs.45,603.31 million. The changes in fair value resulting from such change in the business model as at 1st October 2018 amounts to Rs.711.76 million and the changes in fair value from 1st October 2018 to 31st March 2019 amounts to Rs. (22.96) million.

2. Total ECL provision recorded as at March 31, 2019 through Other Comprehensive Income within the fair value change amounted to Rs.3,875.96 million.
Impairment charge reclassified from OCI to profit and loss amounts to Rs. 304.88 million during the year after effecting such change.

Gross Portfolio Movement for the year ended March 31, 2018

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2017				
New portfolio	11,764.05	358.75	892.56	13,015.36
Old AP portfolio	-	-	7,975.54	7,975.54
Total (A)	11,764.05	358.75	8,868.10	20,990.90
Interstage movements				
New portfolio				
Stage I	0.95	(0.85)	(0.10)	-
Stage II	(1.18)	1.24	(0.06)	-
Stage III	(48.29)	(118.21)	166.50	-
Old AP portfolio	-	-	-	
Total (B)	(48.52)	(117.82)	166.34	-
Write offs **				
New portfolio	-	-	-	-
Old AP portfolio	-	-	-	-
Total (C)	-	-	-	-
New assets originated, repaid and derecognised during the year				
New portfolio	19,225.31	(234.34)	(338.47)	18,652.50
Old AP portfolio	-	-	(42.43)	(42.43)
Total (D)	19,225.31	(234.34)	(380.90)	18,610.07
Gross carrying amount as at March 31, 2018				
New portfolio	30,940.84	6.59	720.43	31,667.86
Old AP portfolio	-	-	7,933.10	7,933.10
Total (A+B+C+D)	30,940.84	6.59	8,653.53	39,600.96

** The contractual amount of loans written-off during the year are not subject to enforcement activity / legal proceedings.

ECL movement during the year ended March 31, 2019:-

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance	105.09	3.98	8,595.63	8,704.70
Provision made/ (reversed) during the year	63.68	116.23	(245.55)	(65.64)
Write off	-	(35.27)	(4,727.71)	(4,762.98)
Closing Balance	**168.77**	**84.94**	**3,622.37**	**3,876.08**

Note :-

a) ECL for Stage I has increased primarily on account of new assets originated during the year.

b) ECL for Stage II has increased primarily on account of new assets

c) ECL for stage III has declined on account of recoveries/collections and

ECL movement during the year ended March 31, 2018:-

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance	27.67	192.50	8,825.24	9,045.41
Provision made/ (reversed) during the year	77.42	(188.52)	(229.61)	(340.71)
Write off	-	-	-	-
Closing Balance	105.09	3.98	8,595.63	8,704.70

Note :-

a) ECL for Stage I has increased primarily on account of new assets originated during the year.

b) ECL for stage II has declined on account of transfers to Stage III during the year.

c) ECL for stage III has declined on account of recoveries/collections made by the Company during the year.

Annexure 11: Restated Consolidated Summary Statement of Investments

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Investments in equity instruments (unquoted)		
Others (at fair value through profit & loss)		
100,000 (March 31, 2018: 100,000) equity shares of Rs.10 each fully paid up in Alpha Micro Finance Consultants Private Limited	1.00	1.00
	1.00	**1.00**
Less: Impairment loss allowance	-	-
Total	**1.00**	**1.00**
Above amount includes		
Investment in India	1.00	1.00
Investment Outside India	-	-
Total	**1.00**	**1.00**

Annexure 12: Restated Consolidated Summary Statement of Other Financial Assets (at amortised cost)

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
A. Security deposits		
Unsecured, considered good	22.00	17.98
(A)	**22.00**	**17.98**
B.Loans and advances to related parties		
Inter corporate advances	395.00	543.14
(B)	**395.00**	**543.14**
C. Other Assets		
Amount receivable from banks and non banking financial companies	0.38	-
Term deposits placed with non banking financial companies#	83.64	90.62
Retained Interest on asset assigned	91.93	-
Other assets	11.52	7.86
(C)	**187.47**	**98.48**
Total (A+B+C)	**604.47**	**659.60**

Represent margin money deposits placed to avail term loans from non banking financial companies.

Annexure 13: Restated Consolidated Summary Statement of Current Tax Assets (net)

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Advance income tax (net of provision)	83.37	41.86
	83.37	**41.86**

Annexure 14: Restated Consolidated Summary Statement of Deferred Tax Assets (net)

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Effects of deferred tax assets/ liabilities :		
Deferred Tax Assets		
Impairment of financial instruments	1,401.69	2,984.50
Unabsorbed Carry forward Loss	-	-
Provisions allowable on payment basis	49.40	46.42
Differences of written down value of Property, plant and equipment	46.02	38.21
MAT Credit entitlement	774.35	763.71
Others	42.28	86.10
	2,313.74	**3,918.94**
Deferred Tax Liabilities		
Others	313.95	78.10
	313.95	**78.10**
Net deferred tax assets/(liabilities)	**1,999.79**	**3,840.84**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

Spandana Sphoorty Financial Limited

Annexure 15: Restated Consolidated Summary Statement of Property, Plant and Equipment

(Rupees in millions unless otherwise stated)

Particulars	Land & Building#	Leasehold improvements	Furniture & Fixtures	Office Equipment	Vehicles	Computers	Total
Gross block (at cost)							
At April 1, 2017	**-**	**95.40**	**46.23**	**10.53**	**4.16**	**100.87**	**257.19**
Addition	2.01	-	8.86	4.67	-	19.33	34.88
Disposals	-	-	0.10	0.02	0.64	0.25	1.02
At March 31, 2018	**2.01**	**95.40**	**54.99**	**15.18**	**3.52**	**119.95**	**291.05**
Addition*	-	-	16.32	14.22	2.07	42.48	75.09
Disposals	-	-	0.23	0.23	-	1.53	1.99
At March 31, 2019	**2.01**	**95.40**	**71.07**	**29.17**	**5.59**	**160.90**	**364.15**
Depreciation							
At April 1, 2017	**-**	**62.77**	**26.41**	**9.27**	**3.15**	**89.36**	**190.97**
Charge for the year	0.05	20.61	10.59	1.34	0.31	9.60	42.51
Disposals	-	-	0.09	0.02	0.59	0.24	0.94
At March 31, 2018	**0.05**	**83.38**	**36.91**	**10.59**	**2.87**	**98.72**	**232.54**
Charge for the year**	0.10	7.59	17.98	6.20	0.36	28.34	60.57
Disposals	-	-	0.26	0.11	-	0.33	0.70
At March 31, 2019	**0.15**	**90.97**	**54.63**	**16.68**	**3.23**	**126.73**	**292.41**
Net Block							
At April 1, 2017	-	32.63	19.82	1.26	1.01	11.51	66.23
At March 31, 2018	1.96	12.02	18.08	4.59	0.65	21.23	58.54
At March 31, 2019	**1.86**	**4.43**	**16.45**	**12.49**	**2.36**	**34.17**	**71.74**

Mortgaged as security against non-convertible debentures.

Intangible assets

Particulars	Computer Software	Total
Gross block		
At April 1, 2017	**78.93**	**78.93**
Purchase	16.93	16.93
Disposals	-	-
At March 31, 2018	**95.86**	**95.86**
Addition*	9.48	9.48
Disposals	0.03	0.03
At March 31, 2019	**105.31**	**105.31**
Amortization		
At April 1, 2017	55.08	55.08
Charge for the year	14.75	14.75
Disposals	-	-
At March 31, 2018	**69.83**	**69.83**
Charge for the year**	13.28	13.28
Disposals	0.01	0.01
At March 31, 2019	**83.10**	**83.10**
Net carrying amount		
At April 1, 2017	23.85	23.85
At March 31, 2018	26.03	26.03
At March 31, 2019	**22.21**	**22.21**

* Addition includes gross block of subsidiary (Criss Financial Holdings Limited) on the day of acquisition of control by the parent company.
** charge for the year includes depreciation charge on gross block of Subsidary (Criss Financial Holdings Limited) for the period December 27, 2018 to March 31, 2019

Annexure 16: Restated Consolidated Summary Statement of Other Non-Financial Assets

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Prepaid expenses	1.78	1.57
Capital advances	0.63	2.17
Advance against sum assured	24.03	9.61
Other advances	103.26	2.13
Unsecured, considered doubtful		
Employee loans	1.70	1.70
Amounts deposited with courts	5.89	4.84
Advance against sum assured	10.50	11.31
Other advances	-	-
Less: Allowance for doubtful debts	(18.10)	(17.85)
Total	**129.69**	**15.48**

Spandana Sphoorty Financial Limited
Annexure 17: Restated Consolidated Summary Statement of Borrowings

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Debt Securities (at amortised cost) **i) Debentures** **Secured**		
325 (March 31, 2018: 325), 13.15% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Seventy Two months from the date of allotment i.e. October 31, 2017 (subject to exercise of put option by the lender or call option by the Company at the end of Thirty Six months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender.	342.30	342.20
180,000,000 (March 31, 2018: 180,000,000) 12.30% Secured, Redeemable, Non-convertible Debentures of face value of Re.1 each. redeemable at the end of Thirty Six Months from the date of allotment i.e. October 26, 2017	178.41	177.07
120,000,000 (March 31, 2018: 120,000,000) 12.30% Secured, Redeemable, Non-convertible Debentures of face value of Re.1 each, redeemable at the end of Thirty Six months from the date of allotment i.e. August 21, 2017	119.13	118.22
4,000 (March 31, 2018: 4,000), 12.90% Partly-paid Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. September 28, 2017 (subject to exercise of put option by the lender at the end of Twelve or Twenty Four months from the date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender.	2,157.01	827.84
1,000 (March 31, 2018: 1,000), 14.00% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Seventy Two months from the date of allotment i.e. September 18, 2017 (subject to exercise of put option by the lender or call option by the Company at the end of Thirty Six months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender.	1,003.18	1,002.18
1,500 (March 31, 2018: Nil), 12.20% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. May 31, 2018 (subject to exercise of put option by the lender at the end of Twelve months or Eighteen months or Twenty Four months or Thirty months or call option by the Company at the end of Eighteen months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender.	1,136.76	-
820 (March 31, 2018: Nil), 12.40% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1,000,000 each redeemable at par at the end of Thirty Six months from the date of allotment i.e. December 7, 2018 .	851.09	-
Nature of security The above debentures are secured by way of first and exclusive charge over eligible book debts of the Company. NCDs issued on September 18, 2017 are also secured by a first charge on land and building.		

Spandana Sphoorty Financial Limited
Annexure 17: Restated Consolidated Summary Statement of Borrowings

(Rupees in millions unless otherwise stated)

Unsecured		
200 (March 31, 2018: 200), 13.30% Fully paid up Senior Unsecured, Redeemable, Non-Convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. September 26, 2017 (subject to exercise of put option by the lender at the end of 367 days or Twenty Four months). Redeemable on maturity if option not exercised or communication for roll-over received from lender.	212.10	211.54
ii) Borrowing under securitisation arrangement		
From Banks	7,719.66	6,975.47
From non-banking financial companies	-	492.61
Total Debt Securities	**13,719.64**	**10,147.13**

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
(b) Borrowings (Other than Debt Securities) (at amortised cost)		
Secured Term Loan		
Indian rupee loan from banks	10,297.00	9,704.30
Indian rupee loan from non-banking financial companies	5,457.79	3,260.38
Cash credit from bank (secured)*	-	0.40
Total Borrowings (Other than Debt Securities)	**15,754.79**	**12,965.08**

*Cash credit from bank is secured by hypothecation of book debts.
Cash credit from bank carries interest rate @ 11.70% pa with monthly interest repayment

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
(c) Subordinated Liabilities (at amortised cost)		
Unsecured Term Loan		
Indian rupee loan from non-banking financial company	202.94	201.46
Loans and advances from related party (unsecured)	-	-
(Loans from related party carries interest rate @ 13.00% pa with monthly interest repayment)		
Preference shares other than those that qualify as Equity		
OCRPS (all series)	-	0.09
Total Subordinated Liabilities	**202.94**	**201.55**
Total Borrowings	**29,677.37**	**23,313.77**
Above amount includes		
Secured borrowings*	29,262.33	22,900.68
Unsecured borrowings #	415.04	413.09
Net amount	**29,677.37**	**23,313.77**
Borrowings in India	29,677.37	23,313.77
Borrowings outside India	-	-
Total	**29,677.37**	**23,313.77**

* The secured borrowings are secured by hypothecation of book debts and margin money deposits.
# The unsecured borrowings are in the nature of subordinated debt and non-convertible debentures.

Spandana Sphoorty Financial Limited
Annexure 17A: Restated Consolidated Summary Statement of terms of principal repayment of borrowings as at March 31, 2019

(Rupees in millions unless otherwise stated)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due beyond 3 Years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Debt Securities										
Monthly										
1-3 years	9.01%-9.50%	12	868.80	5	197.06	-	-	-	-	1,065.86
		12	673.33	5	135.77	-	-	-	-	809.10
		3	254.74	-	-	-	-	-	-	254.74
		5	198.02	-	-	-	-	-	-	198.02
		7	310.08	-	-	-	-	-	-	310.08
		6	374.18	-	-	-	-	-	-	374.18
		7	251.06	-	-	-	-	-	-	251.06
	9.51%-10.00%	12	602.35	-	-	-	-	-	-	602.35
		6	625.76	-	-	-	-	-	-	625.76
		11	1,826.03	-	-	-	-	-	-	1,826.03
		4	89.50	-	-	-	-	-	-	89.50
		12	366.00	1	5.88	-	-	-	-	371.88
	10.01%-10.50%	1	2.30	-	-	-	-	-	-	2.30
	11.01%-11.50%	9	950.36	-	-	-	-	-	-	950.36
Quarterly										
1-3 years	12.51%-13.00%	2	2,161.25	-	-	-	-	-	-	2,161.25
	12.01%-12.50%	1	1,125.00	-	-	-	-	-	-	1,125.00
Half Yearly										
1-3 years	13.01%-13.50%	-	-	2	410.00	2	410.00	-	-	820.00
Annually										
1-3 years	12.51%-13.00%	1	200.00	-	-	-	-	-	-	200.00
Bullet										
1-3 years	12.01%-12.50%	-	-	1	180.00	-	-	-	-	180.00
		-	-	1	120.00	-	-	-	-	120.00
	13.01%-13.50%	-	-	1	325.00	-	-	-	-	325.00
	13.51%-14.00%	-	-	1	1,000.00	-	-	-	-	1,000.00
Borrowings (Other than Debt Securities)										
Monthly										
1-3 Years	10.01%-10.50%	12	250.00	4	83.33	-	-	-	-	333.33
		12	250.00	5	104.17	-	-	-	-	354.17
	10.51%-11.00%	12	97.80	12	109.12	2	19.38	-	-	226.30
		12	203.34	4	72.89	-	-	-	-	276.23
		8	137.53	-	-	-	-	-	-	137.53
		12	78.58	12	87.67	6	47.57	-	-	213.82
		12	450.00	12	450.00	-	-	-	-	900.00
		10	170.39	-	-	-	-	-	-	170.39
		12	199.71	6	108.15	-	-	-	-	307.86
	11.01%-11.50%	12	130.43	1	10.87	-	-	-	-	141.30
		12	130.43	1	10.87	-	-	-	-	141.30
		12	782.61	1	65.22	-	-	-	-	847.83
		12	1,500.00	8	1,000.00	-	-	-	-	2,500.00
		5	73.65	-	-	-	-	-	-	73.65
		12	150.00	12	150.00	-	-	-	-	300.00
		12	150.00	12	150.00	-	-	-	-	300.00
		12	150.00	12	150.00	-	-	-	-	300.00
		12	103.17	12	79.93	-	-	-	-	183.10
		7	159.68	-	-	-	-	-	-	159.68

Spandana Sphoorty Financial Limited
Annexure 17A: Restated Consolidated Summary Statement of terms of principal repayment of borrowings as at March 31, 2019

(Rupees in millions unless otherwise stated)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due beyond 3 Years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
1-3 Years	11.51%-12.00%	2	60.07	-	-	-	-	-	-	60.07
		-	-	10	833.33	2	166.67	-	-	1,000.00
		11	217.90	3	63.68	-	-	-	-	281.58
		12	71.06	11	73.22	-	-	-	-	144.28
		12	150.00	3	37.50	-	-	-	-	187.50
		4	25.00	-	-	-	-	-	-	25.00
		5	20.83	-	-	-	-	-	-	20.83
		12	250.00	2	41.67	-	-	-	-	291.67
		5	88.56	-	-	-	-	-	-	88.56
		12	100.00	9	75.00	-	-	-	-	175.00
		12	181.82	12	181.82	8	121.21	-	-	484.85
		12	79.99	12	79.99	9	60.02	-	-	220.00
	12.51%-13.00%	12	50.97	4	18.51	-	-	-	-	69.48
		12	29.40	7	20.60	-	-	-	-	50.00
	13.51%-14.00%	2	67.78	-	-	-	-	-	-	67.78
		4	14.86	-	-	-	-	-	-	14.86
		12	333.33	3	83.33	-	-	-	-	416.67
	14.01%-14.50%	9	33.33	-	-	-	-	-	-	33.33
	14.51%-15.00%	2	5.56	-	-	-	-	-	-	5.56
		12	66.67	-	-	-	-	-	-	66.67
Quarterly										
1-3 Years	10.51%-11.00%	4	228.57	-	-	-	-	-	-	228.57
		4	125.00	2	62.50	-	-	-	-	187.50
		4	914.29	-	-	-	-	-	-	914.29
		4	500.00	2	250.00	-	-	-	-	750.00
		3	375.00	-	-	-	-	-	-	375.00
	11.01%-11.50%	4	125.00	4	125.00	-	-	-	-	250.00
	11.51%-12.00%	4	500.00	-	-	-	-	-	-	500.00
	12.51%-13.00%	2	214.29	-	-	-	-	-	-	214.29
		4	83.33	4	83.33	-	-	-	-	166.66
		4	250.00	2	125.00	-	-	-	-	375.00
	13.01%-13.50%	4	109.09	1	27.27	-	-	-	-	136.36
Bullet										
1-3 years	10.51%-11.00%	1	125.00	-	-	-	-	-	-	125.00
Subordinated Liabilities										
Bullet										
Above 3 years	14.51%-15.00%	-	-	-	-	-	-	1	200.00	200.00
Total		**527**	**21,442.78**	**222**	**7,187.71**	**29**	**824.84**	**1**	**200.00**	**29,655.31**
Impact of Effective interest rate										22.06
Grand Total										**29,677.37**

Spandana Sphoorty Financial Limited

Annexure 18: Restated Consolidated Summary Statement of Other Financial Liabilities

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Expenses payable	31.89	15.80
Employee benefits payable	242.68	123.04
Creditors for capital goods	-	6.30
Other payable	170.28	-
	444.85	**145.14**

Annexure 19: Restated Consolidated Summary Statement of Current Tax Liabilities (net)

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Tax (net of advance tax)	62.83	92.98
	62.83	**92.98**

Annexure 20: Restated Consolidated Summary Statement of Provisions

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
Gratuity (net of contribution)	3.59	3.90
	3.59	**3.90**

Annexure 21: Restated Consolidated Summary Statement of Other Non-Financial Liabilities

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Other payables	38.09	20.59
Unfructified service tax liability [net of amount paid under protest Rs.9.93 millions (March 31, 2018: Rs. 9.93 millions]	141.36	132.83
Statutory dues payable	45.40	26.91
	224.85	**180.33**

Spandana Sphoorty Financial Limited

Annexure 22: Restated Consolidated Summary Statement of Equity Share capital

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorized		
900,000,000 (March 31, 2018: 900,000,000) equity shares of Rs.10 each	9,000.00	9,000.00
	9,000.00	**9,000.00**
Issued, subscribed and paid-up		
59,633,683 (March 31, 2018: 29,756,818) equity shares of Rs.10 each fully paid up	596.34	297.56
Total	**596.34**	**297.56**

(a) Terms / rights attached to equity shares

The Parent Company has only one class of equity shares of par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Parent Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	29,756,818	297.56	28,449,393	284.49
Issued upon conversion of preference shares and share warrants*	27,749,295	277.49	-	-
Issued during the year	2,127,570	21.28	1,307,425	13.07
Outstanding at the end of the year	**59,633,683**	**596.34**	**29,756,818**	**297.56**

* During the year ended March 31, 2019, the Parent Company has converted its preference shares (all classes) and share warrants into equity shares as per the terms of issuance of each class of securities. Accordingly, the Parent Company has issued 27,749,295 number of equity shares of face value of Rs.10 each upon conversion of preference shares and share warrants into equity shares as follows:

(Rupees in millions unless otherwise stated)

Particulars	No. of convertible securities	No. of equity shares issued upon conversion	Nominal value of equity share issued	Premium*
Class A 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each	234,999,997	9,979,615	99.80	2,250.20
Class A1 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each	119,212,760	5,062,542	50.63	1,141.50
Class B 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each	791,007,721	8,948,425	89.48	7,820.59
Series C 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each	1,135,085	1,135,085	11.35	254.85
FY18 Series A 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each	283,771	283,771	2.84	63.71
FY18 Series B 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each	283,771	283,771	2.84	63.71
FY19 Series A 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each	283,771	283,771	2.84	63.71
FY19 Series B 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each	283,771	283,771	2.84	63.71
Share warrants	1,488,544	1,488,544	14.89	335.64
Total	**1,148,979,191**	**27,749,295**	**277.51**	**12,057.62**

* Total premium on OCRPS @ Rs. 225.48 per share aggregates to Rs. 511.88 million (includes Rs. 2.18 million called and paid up during the year ended March 31, 2017 @ Re.0.96 per share and balance Rs. 509.70 million called and paid up in the current year @ Rs. 224.52 per share, indicated in the table above).

Note: For terms / rights attached to compulsory convertible preference shares- Refer annexure: 23

Details of shareholders holding more than 5% in the Parent Company:

As per the records of the Parent Company, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares				
Kangchenjunga Limited (Holding Company)*	35,270,269	59.14%	10,942,328	36.77%
Padmaja Gangireddy	11,670,067	19.57%	5,879,366	19.76%
Valiant Mauritius Partners FDI Limited	4,632,570	7.77%	4,632,570	15.57%
JM Financial Products Limited	909,887	1.53%	2,976,821	10.00%
JM Financial Trustee Company Private Limited	-	-	1,744,303	5.86%
Vijaya Sivarami Reddy Vendidandi	1,491,483	2.50%	1,491,483	5.01%

* Holding Company with effect from May 15, 2018

Spandana Sphoorty Financial Limited

Annexure 23: Restated Consolidated Summary Statement of Other Equity

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Authorized		
1,250,000,000 (March 31, 2018: 1,250,000,000) preference shares of Rs.10 each	12,500.00	12,500.00
	12,500.00	12,500.00
Issued, subscribed and paid-up		
Nil (March 31, 2018: 791,007,721) Class B 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each fully paid up	-	7,910.08
Nil (March 31, 2018: 234,999,997)) Class A 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each fully paid up	-	2,350.00
Nil (March 31, 2018: 119,212,760) Class A1 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each fully paid up	-	1,192.13
	-	**11,452.21**
Money received against share warrants	**-**	**1.49**
Securities premium		
Balance as per the last financial statements	2,877.61	2,582.81
Add: Premium on conversion of Class B 0.001% Compulsory Convertible preference shares (CCPS) (refer annexure 22)	7,820.59	-
Add: Premium on conversion of Class A 0.001% Compulsory Convertible preference shares (CCPS) (refer annexure 22)	2,250.20	-
Add: Premium on conversion of Class A1 0.001% Compulsory Convertible preference shares (CCPS) (refer annexure 22)	1,141.50	-
Add: Premium on conversion of Optionally Convertible Redeemable preference shares (OCRPS) - Series A, B & C (refer annexure 22)	509.70	-
Add: Premium on conversion of share warrants (refer annexure 22)	335.64	-
Add: Premium on issue of OCRPS (all series)	-	-
Add: Premium on issue of equity shares	479.72	294.80
Closing balance	**15,414.96**	**2,877.61**
General reserve	**23.28**	**23.28**
Share options outstanding reserve	**41.25**	**-**
Capital redemption reserve	**1,526.92**	**1,526.92**
Statutory reserve		
Balance as per the last financial statements	1,948.67	1,604.97
Add: Amount transferred from surplus of profit and loss	617.50	343.70
Closing balance	**2,566.17**	**1,948.67**

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Deficit in the statement of profit and loss		
Balance as per the last financial statements	(4,221.38)	(5,756.87)
Add: Profit for the year	3,118.24	1,879.46
Add: Other Comprehensive Income (Re-measurement gains/(losses) on defined benefit plans)	(1.90)	(0.28)
Less: Transfer to Statutory Reserve [@ 20% of profit after tax as required by Section 45-IC of Reserve Bank of India Act, 1934]	(617.50)	(343.70)
Less: Dividend on CCPS all class (includes dividend distribution tax)	(0.13)	-
Less: Dividend on OCCRPS	-	-
Net deficit in the statement of profit and loss	**(1,722.67)**	**(4,221.38)**

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Other comprehensive income (Fair valuation on loan portfolio)		
Opening balance	-	-
Add: Fair value change during the year	901.11	-
Less: Impairment allowance transferred to statement of profit and loss	(453.00)	-
Closing balance	**448.11**	**-**
Total other equity	**18,298.02**	**13,608.80**

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Non Controlling Interest	**9.22**	**-**

i) Terms / rights attached to Share Warrants

On March 6, 2018, the Parent Company issued 14,88,544 Share Warrants with an exercise price of Rs.235.48 per warrant ("Warrant Exercise Price") of which Re.1 per warrant was paid towards subscription of the warrants prior to the allotment of the warrants ("Upfront Payment Amount") and a balance amount of Rs.234.48 per warrant shall be paid at the time of exercising the right of conversion of such warrants into equity shares ("Balance Payment Amount"). The holder of share warrants shall not be entitled to any voting rights in the Parent Company.

Each warrant shall be convertible into an equivalent number of equity shares upon payment of the Balance Payment Amount, at the option of the warrant holder, in one or more tranches and at such time period as the warrant holder may deem fit, on or prior to the expiry of 24 months ("Offer Exercise Period") from the date of allotment i.e. March 6, 2018 (subject to adjustment in equity share capital that has occurred upto the date of conversion on account of issue of bonus shares, stock split, sub-division, consolidation or any similar corporate action). Upon receipt of the Balance Payment Amount as set out above, the Board of Directors (or a Committee thereof) shall allot one equity share per warrant by appropriating from the Warrant Exercise Price, Rs.10 towards equity share capital and the balance amount received towards securities premium account.

ii) Terms / rights attached to Class A CCPS

During the year ended March 31, 2017, the Parent Company issued 110,000,008 Class A CCPS of Rs.10 each fully paid-up. Further, in the year ended March 31, 2018, the Parent Company has issued 124,999,989 Class A CCPS of Rs.10 each fully paid-up. The Class A CCPS shall rank pari-passu with other preference shares. The Class A CCPS shall carry a dividend of 0.001% payable annually in proportion to the total number of equity shares on and as converted basis. The dividend will accrue on cumulative basis and shall be due and payable upon conversion of CCPS into equity shares. The Parent Company declares and pays dividend in Indian rupees. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The holder of Class A CCPS shall not be entitled to any voting rights in the Parent Company.

Each holder of Class A CCPS has to mandatorily convert its preference shares into equity shares at the end of the 10th year from the date of issue i.e. March 31, 2017 and December 4, 2017. The holder can also convert the CCPS before the 10th year by giving 5 days' prior conversion notice to the Parent Company. The Parent Company will issue such number of equity shares as derived by conversion formula given below (subject to adjustment in equity shares capital that has occurred upto the date of conversion on account of issue of bonus shares, stock split, sub-division, consolidation or any similar corporate action):

$$\frac{\text{Number of Class A CCPS proposed to be converted} \times \text{Face value of Class A CCPS}}{\text{Fair market value of equity shares of the Parent Company as on the date of acquisition of Class A CCPS}}$$

iii) Terms / rights attached to Class A1 CCPS

During the year ended March 31, 2018, the Parent Company issued 119,212,760 Class A1 CCPS of Rs.10 each fully paid-up. The Class A1 CCPS shall rank pari-passu with other preference shares. The Class A1 CCPS shall carry a dividend of 0.001% payable annually in proportion to the total number of equity shares on and as converted basis. The dividend will accrue on cumulative basis and shall be due and payable upon conversion of CCPS into equity shares. The Parent Company declares and pays dividend in Indian rupees. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The holder of Class A1 CCPS shall not be entitled to any voting rights in the Parent Company.

Each holder of Class A1 CCPS has to mandatorily convert its preference shares into equity shares at the end of the 10th year from the date of issue i.e. March 8, 2018. The holder can also convert the CCPS before the 10th year by giving 5 days' prior conversion notice to the Parent Company. The Parent Company will issue such number of equity shares as derived by conversion formula given below (subject to adjustment in equity shares capital that has occurred upto the date of conversion on account of issue of bonus shares, stock split, sub-division, consolidation or any similar corporate action):

$$\frac{\text{Number of Class A1 CCPS proposed to be converted} \times \text{Face value of Class A1 CCPS}}{\text{Fair market value of equity shares of the Parent Company as on the date of acquisition of Class A1 CCPS}}$$

iv) Terms / rights attached to Class B CCPS

During the year ended March 31, 2017, the Parent Company converted the OCCRPS outstanding as at March 31, 2016 into Class B CCPS. The Class B CCPS shall rank pari-passu with other preference shares. The Class B CCPS shall carry a dividend of 0.001% payable annually in proportion to the total number of equity shares on and as converted basis. The dividend will accrue on cumulative basis and shall be due and payable upon conversion of CCPS into equity shares. The Parent Company declares and pays dividend in Indian rupees. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The holder of Class B CCPS shall not be entitled to any voting rights in the Parent Company.

Each holder of Class B CCPS has to mandatorily convert its preference shares into equity shares at the end of the 10^{th} year from the date of issue, i.e. March 31, 2017. The holder can also convert the CCPS before the 10^{th} year, by giving 5 days' prior conversion notice to the Company. The Company will issue such number of equity shares as derived by conversion formula given below (subject to adjustment in equity shares capital that have occurred upto the date of conversion on account of issue of bonus shares, stock split, sub-division, consolidation or any similar corporate action):

$$\frac{\text{Number of Class B CCPS proposed to be converted} \times 2.7}{\text{Fair market value of equity shares of the Parent Company as on the date of acquisition of Class B CCPS}}$$

The Parent Company has paid dividend on preference shares during the period upon conversion as per the terms of issuance of the respective securities. The dividend is paid from the date of allotment of preference shares till the date of conversion of the same into equity shares.

Spandana Sphoorty Financial Limited

Annexure 24: Restated Consolidated Summary Statement of Interest Income

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018
Measured at fair value		
Interest on loan portfolio	9,661.56	-
Measured at amortised cost		-
Interest on loan portfolio	85.10	5,675.12
Interest on fixed deposits	5.64	1.59
Interest on inter corporate advances	120.85	16.94
Interest on margin money deposits*	105.59	36.76
	9,978.74	**5,730.41**

*Represent margin money deposits placed to avail term loans from banks, non baking financial companies and placed as cash collateral in connection with securitisation transactions.

Annexure 25: Restated Consolidated Summary Statement of Net Gain on Fair Value Changes

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018
Net gain on fair value changes of investments	110.63	42.15
Net gain on derecognition of loan portfolio designated at FVOCI	156.13	-
	266.76	**42.15**
Fair value changes		
Realised	175.46	42.15
Unrealised	91.30	-
Total net gain on fair value changes	**266.76**	**42.15**

Annexure 26: Restated Consolidated Summary Statement of Others

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018
Recovery against loans written off	35.34	44.23
Incentive income	-	16.52
	35.34	**60.75**

Annexure 27: Restated Consolidated Summary Statement of Other Income

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018
Net gain on derecognition of property, plant and equipment	-	0.40
Advertisement income	51.15	-
Interest on income tax refund	-	-
Miscellaneous income	3.18	1.85
	54.33	**2.25**

Annexure 28: Restated Consolidated Summary Statement of Finance Costs

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018
Interest		
On Debt securities	1,474.00	409.97
On Borrowings (Other than Debt Securities)	2,089.00	1,797.84
On Subordinated Liabilities	11.81	24.32
On income tax	3.15	31.17
Other finance cost	0.69	54.61
	3,578.65	**2,317.91**

Annexure 29: Restated Consolidated Summary Statement of Impairment on Financial Instruments

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018
Measured at fair value		
Impairment on loan portfolio	(4,769.68)	-
Loan portfolio written off	5,223.85	-
Measured at amortised cost		
Impairment on loan portfolio	(1.50)	(354.09)
Loan Portfolio written off	0.33	-
	453.00	**(354.09)**

Spandana Sphoorty Financial Limited

Annexure 30: Restated Consolidated Summary Statement of Employee Benefits Expense

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018
Salaries, wages and bonus	1,223.97	735.18
Contribution to provident fund and other funds	20.27	19.57
Expenses on Employee Stock Option Scheme	41.25	-
Staff welfare expenses	24.97	3.95
	1,310.46	**758.71**

Annexure 31: Restated Consolidated Summary Statement of Other Expenses

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018
Rent (refer annexure 38.9)	36.66	47.23
Rates and taxes	2.31	2.61
Bank charges	16.91	5.99
Office maintenance	36.70	20.46
Computers and network maintenance	8.60	2.91
Electricity charges	12.32	9.38
Travelling expenses	115.43	70.51
Communication expenses	6.73	6.22
Credit Bureau Expenses	6.25	6.48
Printing and stationery	10.95	8.75
Legal and professional charges	9.68	36.54
Directors sitting fees	9.08	3.06
Auditors remuneration (refer details below)	10.32	6.78
Recruitment and training	1.10	6.26
Subscription fees	7.50	4.74
Other provisions and write off	23.51	19.06
Security charges	0.40	1.54
Foreign exchange loss	-	-
Pre-incorporation expenses	-	0.51
Net loss on derecognition of property, plant and equipment	0.37	-
CSR Expenses	21.08	4.01
Premium paid on portfolio purchase	-	-
Miscellaneous expenses	2.90	5.49
	338.80	**268.53**

Payment to auditors

As Auditor:

Audit fee	9.65	5.53
Certification fee	-	0.59
Out of pocket expenses	0.67	0.66
Total	**10.32**	**6.78**

Spandana Sphoorty Financial Limited

Annexure 32: Restated Consolidated Summary Statement of Income Tax Expense

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018
A. Income tax expense in the statement of profit and loss consists of:		
Current Income Tax:		
Income Tax	12.88	573.43
Deferred Tax	1,602.84	374.12
Income Tax expense reported in the statement of profit or loss	**1,615.73**	**947.55**
Income tax recognised in other comprehensive income		
Deferred tax arising on re-measurement gains/(losses) on defined benefit plans	(1.03)	0.14
Deferred tax arising on fair value gain on loan portfolio	240.69	-
Total	**239.66**	**0.14**
Grand total	**1,855.38**	**947.69**

Particulars	For year ended March 31, 2019	For year ended March 31, 2018
B. The reconciliation between the provision of Income Tax of the Company and amounts computed by applying the Indian statutory Income Tax rate to profit before taxes is as follows:		
Profit before tax	5,420.58	2,826.59
Enacted tax rates in India*	34.90%	34.61%
Computed tax expense	1,891.73	978.23
Effect of :		
Non-deductible expenses	7.95	8.31
Additional tax allowances	(26.72)	(4.70)
Difference on account of change in tax rate	(16.69)	(29.59)
Intial recognition of deferred tax asset	-	-
Others	(0.89)	(4.56)
Total Income Tax expense	**1,855.38**	**947.68**

* As per Income Tax act 1961, the parent company and the subsidaries fall in different tax brackets, weighted average tax rate has been used.

Annexure 33: Restated Consolidated Summary Statement of Earning Per Share

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018
Net profit after tax as per Statement of Profit and Loss	3,119.00	1,879.46
Net profit for calculation of basic earnings per share (A)	**3,119.00**	**1,879.46**
Calculation of weighted average number of equity shares for basic EPS		
Opening No. of shares	29.76	28.45
Add: Fresh issued during the period	1.66	0.09
Share Warrants converted during the period	1.16	-
OCRPS converted during the period	1.77	-
CCPS Class B	8.95	8.95
CCPS Class A	9.98	6.39
CCPS Class A1	5.06	0.33
Weighted average number of equity shares for basic EPS (B) (in millions)	**58.34**	**44.21**
Effect of dilution		
Conversion of OCRPS	0.00	0.01
ESOP	0.12	-
Total effect of dilution	**0.12**	**0.01**
Weighted average number of equity shares for diluted EPS (C) (in millions)	**58.46**	**44.22**
Earning per share (In rupees)		
Basic (A / B)	53.46	42.52
Diluted (A / C)	53.35	42.51
Nominal value per share	10	10

Spandana Sphoorty Financial Limited

Annexure 34: Statement of Dividend (for all classes of shares)

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018
Equity shares		
Face value – (Indian Rupees)	10	10
% of dividend	Nil	Nil
Amount of dividend	Nil	Nil
0.001% Optionally convertible cumulative redeemable preference shares (OCCRPS)		
Face value – (Indian Rupees)	NA	NA
% of dividend	NA	NA
Amount of dividend	NA	NA
Class B 0.001% Compulsory Convertible Preference Shares (CCPS)		
Face value – (Indian Rupees)	10	10
% of dividend	0.001%	Nil
Amount of dividend	0.09	Nil
Class A 0.001% Compulsory Convertible Preference Shares (CCPS)		
Face value – (Indian Rupees)	10	10
% of dividend	0.001%	Nil
Amount of dividend	0.02	Nil
Class A1 0.001% Compulsory Convertible preference shares (CCPS)		
Face value – (Indian Rupees)	10	10
% of dividend	0.001%	Nil
Amount of dividend	0.00	Nil
0.001% Optionally Convertible Redeemable Preference Shares (OCRPS) - Series A, B, C*		
Face value – (Indian Rupees)	10	10
% of dividend	0.001%	Nil
Amount of dividend	0.00	Nil
* OCRPS are partly paid up till June 20, 2018		

Annexure 35: Restated Consolidated Summary Statement of Capitalisation

(Rupees in millions unless otherwise stated)

Particulars	Pre Issue	Post Issue
Debt*	**29,677.37**	**[●]**
Shareholders' Funds		
Equity Share Capital	596.34	[●]
Other Equity	18,298.02	[●]
Total Shareholders' Funds	**18,894.36**	**[●]**
Debt / Equity Ratio	**1.57**	**[●]**

*Comprises of debt securities, borrowings other than debt securities and subordinated liabilities.

Note:

The above figures are based on the Restated Consolidated Summary Statements.

Since, the issue price and number of shares are yet to be finalised, the post-issue capitalisation statement has not been presented.

Spandana Sphoorty Financial Limited

Annexure 36: Restated Consolidated Summary Statement of Accounting Ratios

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018
Net profit after tax as per Statement of Profit and Loss	3,119.00	1,879.46
Net profit for calculation of basic earnings per share (A)	**3,119.00**	**1,879.46**
Weighted average number of equity shares for basic EPS (B) (in millions)	58.34	44.21
Weighted average number of equity shares for diluted EPS (C) (in millions)	58.46	44.22
Earning Per Share (in Rs.)		
Basic (A / B)	53.46	42.52
Diluted (A / C)	53.35	42.51
Nominal value per share (in Rs.)	10.00	10.00
II Net Asset Value per share (Rs.)		
Net worth, as restated (A)	18,894.36	13,906.36
Number of equity shares outstanding at the end of the year (B)	59.63	29.76
Net Assets Value per equity share (C) = (A) / (B) (In Rs.)	**316.84**	**467.33**
III Return on Net worth (%)		
Net Profit after tax, as restated (A)	3,119.00	1,879.46
Net worth, as restated (B)	18,894.36	13,906.36
Return on Net Worth (C) = (A) / (B)	**16.51%**	**13.52%**

Notes:

1. The figures disclosed above are based on the Restated Consolidated Summary Statements of the Group.
2. The above statement should be read with the notes to Restated Consolidated Summary Statements in Annexure 5.

3. The ratios on the basis of Restated financial information have been computed as below:

(i) Earnings per share = $\frac{\text{Net profit as restated attributable to equity share holders}}{\text{Weighted average number of equity shares outstanding at the end of the year}}$

(ii) Net asset value per equity share = $\frac{\text{Net worth as at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$

(iii) Return on net worth (%) = $\frac{\text{Net profit after tax for the year}}{\text{Net worth at the end of the year}}$

4. Earning per share calculations are done in accordance with Indian Accounting Standards 33 "Earning Per Share" issued by the Institute of Chartered Accountants of India.

Spandana Sphoorty Financial Limited

Annexure 37: Restated Consolidated Summary Statement of Tax Shelter

(Rupees in millions unless otherwise stated)

Particulars		For year ended March 31, 2019	For year ended March 31, 2018
Profit before current and deferred taxes as restated	(A)	**4,734.72**	**2,827.01**
Capital gains included in (A):			
Tax rate			
Normal Tax rate (%)	(B)	34.94%	34.61%
Tax thereon			
Tax on normal profit	(C)	1,654.31	978.43
Total		**1,654.31**	**978.43**
Adjustments			
Permanent Differences			
Deduction for post employment benefits		(75.75)	(37.77)
Expenses disallowed under the Income Tax Act		44.41	36.09
Donation and CSR expenditure		21.08	4.01
Income exempt under Income Tax Act		0.37	(16.25)
Total Permanent Differences	(D)	**(9.89)**	**(13.92)**
Temporary Differences			
Difference in depreciation as per tax and books of account		21.78	20.92
Set off of brought forward Loss		-	(2,483.25)
Provision for portfolio loans		(4,935.07)	(354.09)
Expenses disallowed in previous year which are allowed in current year		(24.71)	(4.91)
Other timing differences		(133.73)	(129.71)
Total Temporary Differences	(E)	**(5,071.74)**	**(2,951.04)**
Net Adjustment (D+E)	(F)	**(5,081.63)**	**(2,964.96)**
Tax thereon			
Tax on normal profit	(G)	(1,775.52)	(1,026.17)
Total Current Tax (H= G +C)	(H)	-	-
Income Tax impact on restatement	(I)	-	185.41
Tax under section 115JB of the Income Tax Act, 1961 *	(J)	3.48	573.37
Tax under regular Provision of the Income Tax Act, 1961	(K)	9.40	0.06
Current Tax on restated profit, as derived (Higher of (H+I) and (J+K))	(L)	12.88	573.43
Current tax expenses as per restated summary statements		**12.88**	**573.43**

Notes:

1. The aforesaid Statement of Tax Shelter has been prepared as per the restated consolidated summary statement of profits and losses of the Group.

2. The above statement should be read with the annexure to restated consolidated summary statements of assets and liabilities, profits and losses, cash flows and statement of changes in equity appearing in annexure 1,2,3 and 4 repectively.

3. Income tax rate includes applicable surcharge, education cess and higher education cess of the year concerned.

(Rupees in millions unless otherwise stated)

38.1: Segment Reporting

The Group operates in a single business segment i.e. lending to customers who have similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

38.2: Related parties under Ind AS 24 with whom transactions have taken place during the period.

I. Holding Company

Kangchenjunga Limited (w.e.f. May 15, 2018)

II. Other related party in accordance with Ind AS 24 with whom transactions have taken place

a) Spandana Rural and Urban Development Organization
b) Abhiram Marketing Services Limited
c) Spandana Employee Welfare Trust.
d) Spandana Mutual Benefit Trust

III. Key Management Personnel

a) Mrs. Padmaja Gangireddy - Managing Director
b) Mr. Deepak Goswami – Chief Financial Officer (w.e.f. January 31, 2018)
c) Mr. Rakesh Jhinjharia – Company Secretary (w.e.f. June 15, 2017)
d) Mr. Nitin Prakash Agrawal – Chief Risk Officer (w.e.f. May 28, 2018)
e) Mr. Abdul Feroz Khan – Chief Strategy Officer (w.e.f. May 15, 2018)
f) Mr. Bharat Shah (Independent Director)
g) Mr. Deepak Vaidya (Independent Director)
h) Mr. Jagdish Capoor (Independent Director)
i) Ms. Abanti Mitra (Independent Director)
j) Mr. Ramachandra Kasargod Kamath (Nominee Director)
k) Mr. P S Prasad (Independent Director) (from September 15, 2014 to March 31, 2017)
l) Mr. P Madhava Rao (Independent Director) (from September 15, 2014 to October 18, 2017)
m) Mr. Sunish Sharma (Nominee Director)
n) Mr. Karthikeya Dhruv Kaji (Nominee Director)
o) Mr. Darius Dinshaw Pandole (Nominee Director)
p) Mr. Amit Sobti (Nominee Director)

IV. Relative of Key Management Personnel

a) Mr. Revan Saahith
b) Mr. Vijaya Sivarami Reddy Vendidandi
c) Mrs. Hina Ansari

Related party transactions during the year:

S. No	Related Party	Nature of Transactions	Transactions during year ended March 31, 2019	Transactions during year ended March 31, 2018	(Payable)/Receivable	
					March 31, 2019	March 31, 2018
1	Spandana Rural and Urban Development Organization	Rent expense	9.69	8.90	(0.29)	(0.25)
		Rent deposit	-	-	3.09	3.09
		Expense reimbursement	0.04	0.66	0.00	0.00
		Short Term Borrowing Repaid	-	10.00	-	-
		Unsecured Loan	218.40	-	-	-
		Interest Expense	14.19	0.23	(0.95)	-
2	Criss Financial Holdings Limited	Expense reimbursement (net)	-**	0.11	-**	0.01
		Inter-corporate advances (net)		331.10	-	331.00
		Interest income		13.58	-	3.31
		Purchase of portfolio		230.10	-	-
3	Abhiram Marketing Services Limited	Commission income	159.52	54.32	29.52	5.36
		Incentive income	-	16.53	-	19.17
		Expense reimbursement (net)	34.95	25.04	6.85	0.48
		Inter-corporate advances (net)*	187.34	207.66	395.00	207.66
		Interest income	51.16	3.35	-	1.18
		Unsecured Loan	75.00	-	-	-
		Interest Expense	0.40	-	-	-
		Purchase of fixed assets & goods	32.14	4.23	(0.68)	-
		Others	94.89	-	(0.14)	-
4	Kangchenjunga Limited	Dividend on CCPS (all class)	0.11	-	-	-
		Issue of Preference shares (class A) of Parent Company	-	1,223.40	-	-
		Issue of Preference shares (class A1) of Parent Company	-	1,166.76	-	-
5	Mr. Deepak Goswami	Remuneration#	7.65	1.85	(2.08)	(0.73)
6	Mr. Rakesh Jhinjharia	Remuneration#	1.87	1.09	(0.01)	(0.10)
		Equity shares issued pursuant to stock option scheme	0.62	-	-	-
7	Mr. Nitin Prakash Agrawal	Remuneration#	8.97	-	(1.49)	-
8	Mr. Bharat Shah	Sitting fee	2.00	-	-	-
9	Mr. Deepak Vaidya	Sitting fee	1.67	-	-	-
10	Mr. Jagdish Capoor	Sitting fee	1.67	-	-	-

Spandana Sphoorty Financial Limited
Annexure 38: Restated Consolidated Summary Statement of Additional Information

(Rupees in millions unless otherwise stated)

S. No	Related Party	Nature of Transactions	Transactions during year ended March 31, 2019	Transactions during year ended March 31, 2018	(Payable)/Receivable March 31, 2019	(Payable)/Receivable March 31, 2018
11	Mr. K. R. Kamath	Sitting fee	2.00	1.83	-	-
12	Ms. Abanti Mitra	Sitting fee	1.00	0.92	-	-
		Subscription to equity shares of Parent Company	1.00	-	-	-
13	Mr. P. S. Prasad	Sitting fee	-	0.01	-	-
14	Mr. P Madhava Rao	Sitting fee	-	0.03	-	-
15	Mr. Sundaram Ramakrishnan	Sitting fee	-	0.01	-	-
16	Mr. Abdul Feroz Khan	Equity shares issued pursuant to stock	3.00	-	-	-
		Remuneration#	6.39	4.08	(1.87)	(0.83)
		Subscription to equity shares of Holding	17.05	-	-	-
17	Mrs. Padmaja Gangireddy	Balance subscription received on share warrants of Parent Company	349.03	1.49	-	-
		Balance subscription received on OCRPS (all series) of Parent Company	532.31	-	-	-
		Subscription to equity shares	478.49	17.65	-	-
		Purchase of CFHL Shares	270.49	-	-	
		Remuneration#	53.75	30.00	(4.58)	(3.49)
		Rental Deposit received	-	0.11	-	-
		Rent paid	0.67	0.03	(0.08)	-
18	Mr. Revan Saahith	Remuneration#	0.76	-	(0.20)	
		Purchase of CFHL Shares	61.82	-	-	-
19	Mr. Vijaya Sivarami Reddy Vendidandi	Purchase of CFHL Shares	26.10	-	-	-
20	Mrs. Hina Ansari	Purchase of CFHL Shares	13.33	-	-	-
21	Spandana Employee Welfare Trust	Expense reimbursement	-	0.03	-	-
		Issue of Equity shares	-	9.07	-	-
		Unsecured Loan	8.80	-	-	-
		Interest Expense	4.43	-	(0.27)	-
22	Spandana Mutual Benefit Trust	Unsecured Loan	51.90	-	-	-
		Interest Expense	2.77	-	(0.17)	-
		Expense reimbursement	-	0.23	-	-

** Transactions with Criss Financial Holdings Limited are not considered as it became subisdiary in current year.

*Of the ICDs given aggregating Rs. 288.62 million, the parent company has received repayment of Rs. 101.28 million including previous year outstanding (March 31, 2018: ICDs given aggregating Rs.207.66 million the parent company has received repayment of Rs.Nil) from Abhiram Marketing Services Limited.

#As the provision for gratuity 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.

Transactions during the year are shown net of service tax/GST and inclusive of TDS.

(Rupees in millions unless otherwise stated)

38.3: Contingent Liabilities not provided for

a. Claims against the Company not acknowledged as debt:

Particulars	March 31, 2019	March 31, 2018
Service tax open assessments	48.66	48.66
Total	**48.66**	**48.66**

b. Other contingent Liability:

RBI has conducted annual inspection of the Parent Company for FY18 and shared their concerns vide its letter dated March 28, 2019. One of the supervisory concerns mentioned in their letter is that the Parent Company overcharged interest rate violating pricing guidelines prescribed under paragraph 54 of the Master Directions DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, as amended, (the 'Master Directions'). The RBI has further advised the Parent Company to initiate the refund process.

The Parent Company is of the opinion that the pricing of qualifying loans is very much in line with para 54 of the Master Directions. An independent legal opinion has been obtained substantiating that the Parent Company's method of determining the pricing of qualifying MFI loans is in compliance with the Master Directions. The Parent Company is in the process of submitting its response to the RBI to this effect. Pending the outcome of the Parent Company's submission to the RBI and given that the amount required to be refunded, if any, cannot be measured with sufficient reliability, no provision in this regard has been recorded as at March 31, 2019.

38.4: Fair Value

The carrying value and fair value of financial instruments by categories are as follows:

Particulars	Carrying Value as at		Fair Value as at	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial Assets measured at FVOCI				
Loan Portfolio	41,653.89	-	41,653.89	-
Financial Assets measured at FVTPL				
Investment in equity shares	1.00	1.00	1.00	1.00
Financial Assets measured at cost				
Loan Portfolio	1,023.70	30,896.26	1,033.85	31,673.72
Cash and cash equivalents	1,486.12	1,045.36	1,486.12	1,045.36
Bank Balances other than cash and cash equivalents	2,031.86	1,032.47	2,031.86	1,032.47
Trade Receivables	35.49	25.03	35.49	25.03
Other financial assets	604.47	659.60	604.47	659.60
Total Financial Assets	**46,836.53**	**33,659.73**	**46,846.68**	**34,437.19**
Financial liabilities				
Debt Securities	13,719.64	10,147.13	13,856.50	10,273.71
Borrowings (Other than Debt Securities)	15,754.79	12,965.08	15,787.19	12,970.57
Subordinated Liabilities	202.94	201.55	230.18	226.52
Other Financial liabilities	444.85	145.14	444.85	145.14
Total Financial Liabilities	**30,122.22**	**23,458.90**	**30,318.73**	**23,615.94**

The management assessed that carrying value of financial asset (except loan portfolio) 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.

38.5: Fair Value Hierarchy of assets and liabilities

Fair value measurement

I. The carrying amount and fair value measurement hierarchy for assets and liabilities as at March 31, 2019 is as follows:

Assets

Particulars	Fair value through profit and loss					
	Carrying Value	Fair Value	Level -1	Level - 2	Level-3	Total
Investment in equity shares	1.00	1.00	-	-	1.00	1.00
Total	**1.00**	**1.00**	**-**	**-**	**1.00**	**1.00**

Particulars	At Fair Value through OCI					
	Carrying Value	Fair Value	Level -1	Level - 2	Level-3	Total
Loan Portfolio	41,653.89	41,653.89	-	41,653.89	-	41,653.89
Total	**41,653.89**	**41,653.89**	**-**	**41,653.89**	**-**	**41,653.89**

Particulars	At amortised cost					
	Carrying Value	Fair Value	Level -1	Level - 2	Level-3	Total
Loan Portfolio	1,023.70	1,033.85	-	1,033.85	-	1,033.85
Total	**1,023.70**	**1,033.85**	**-**	**1,033.85**	**-**	**1,033.85**

Liabilities

Particulars	At amortised cost					
	Carrying Value	Fair Value	Level -1	Level - 2	Level-3	Total
Debt Securities	13,719.64	13,856.50	-	13,856.50	-	13,856.50
Borrowings (Other than Debt Securities)	15,754.79	15,787.19	-	15,787.19	-	15,787.19
Subordinated Liabilities	202.94	230.18	-	230.18	-	230.18
Total	**29,677.37**	**29,873.88**	**-**	**29,873.88**	**-**	**29,873.88**

II. The carrying amount and fair value measurement hierarchy for assets as at March 31, 2018 is as follow:

Assets

Particulars	Fair value through profit and loss					
	Carrying Value	Fair Value	Level -1	Level - 2	Level-3	Total
Investment in equity shares	1.00	1.00	-	-	1.00	1.00
Total	**1.00**	**1.00**	**-**	**-**	**1.00**	**1.00**

(Rupees in millions unless otherwise stated)

Particulars	At amortised cost					
	Carrying Value	Fair Value	Level -1	Level - 2	Level-3	Total
Loan Portfolio	30,896.26	31,673.72	-	31,673.72	-	31,673.72
Total	**30,896.26**	**31,673.72**	**-**	**31,673.72**	**-**	**31,673.72**

Liabilities

Particulars	At amortised cost					
	Carrying Value	Fair Value	Level -1	Level - 2	Level-3	Total
Debt Securities	10,147.13	10,273.71	-	10,273.71	-	10,273.71
Borrowings (Other than Debt Securities)	12,965.08	12,970.57	-	12,970.57	-	12,970.57
Subordinated Liabilities	201.55	226.52	-	226.52	-	226.52
Total	**23,313.77**	**23,470.81**	**-**	**23,470.81**	**-**	**23,470.81**

Valuation technique used

For Loan Portfolio

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the Balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month. Further the overdue cash flows upto 90 Days (upto stage 2) are discounted assuming they will be received in the third month. Fairvalue of cash flows for stage 3 loans are assumed as carrying value less provision for expected credit loss.

For Borrowing

The fair value of fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rate being charged for new borrowings.
The fair value of floating rate borrowing is deemed to equal its carrying value.

For Investment in Equity Instrument

Other equity instruments, the company has assessed the carrying value as an approximation of the fair value.

There have been no transfer between Level 1, 2 and 3 during the years ended March 31, 2019 and March 31, 2018

38.6: Capital Management

The Group’s objective for capital management is to maximize shareholders’ value, safeguard business continuity, meet the regulatory requirement and support the growth of the Company. The Group 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 earningsand operating cash flows generated.

As an NBFC, 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. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

The Group has a board approved policy on resource planning which states that the resource planning of the Group shall be based on its Asset Liability Matching (ALM) requirement. The policy of the group 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 raisingthe funds etc.

Regulatory Capital

Spandana Sphoorty Financial Limited.(The Parent Company)

Particulars	As at March 31, 2019	As at March 31, 2018
Teir I Capital	16,842.07	10,038.16
Teir II Capital	455.02	310.64
Total Capital	17,297.09	10,348.80
Risk weighted assets	43,670.96	31,808.26
Teir I CRAR	38.57%	31.56%
Teir II CRAR	1.04%	0.98%
Total CRAR	39.61%	32.54%

Criss Financial Holdings Limited. (The Subsidiary Company)

Particulars	As at March 31, 2019
Teir I Capital	4,885.68
Teir II Capital	14.84
Total Capital	4,900.52
Risk weighted assets	10,246.85
Teir I CRAR	47.68%
Teir II CRAR	0.14%
Total CRAR	47.82%

(Rupees in millions unless otherwise stated)

38.7: First Time adoption

The Group has prepared its Ind AS compliant financial statements for year ended on March 31, 2019, the comparative period ended on March 31, 2018 and an opening Ind AS balance sheet as at April 1, 2017 (the date of transition), as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Group in restating its previous GAAP financial statements, including the balance sheet as at April 1, 2017 and the financial statements as at and for the year ended March 31, 2018.

For years ended upto the year ended March 31, 2018, the Group had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

Exemption availed:

Optional exemption
1. Lease arrangements
Appendix C to Ind AS 17 requires entity to assess whether contract or arrangement contains a lease. In accordance with same, this assessment should be carried out at the inception of arrangement. However, the Group has used exemption under Ind AS 101 and assessed all arrangements based on conditions in place as on date of transition.

2. Property, plant, equipment & intangible assets
On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets as at March 31, 2017, measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets as on April 1, 2017.

Mandatory exemptions
1. Estimates
An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

2. Classification and measurement of financial assets
Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to IND AS.

Reconciliation of Equity under Ind AS and previous GAAP	**Note below**	**March 31, 2018**	**April 01, 2017**
Total equity as per previous GAAP		9,842.12	5,372.36
OCRPS included in other liabilities	E	(0.09)	(0.09)
Borrowings		-	
Measurement of financial liabilities at amortised cost using EIR method	C	115.00	235.45
Loan Portfolio		-	
Measurement of financial assets at amortised cost using EIR method	A	(216.61)	(78.47)
Interest income recognised on Stage III loan portfolio	B	64.95	48.80
Impairment on financial instruments	B	180.40	(531.90)
Others		-	
Re-recognition of securitization arrangement (net)	D	79.75	-
Recognition of Deferred Tax Asset	F	3,840.84	4,214.97
Adjustment of prior period items to the relevant period*		-	14.57
Total equity as per Ind -AS		**13,906.36**	**9,275.69**

*pertains to commission income less accrued in financial year 2016-17 which was recorded in financial year 2017-18 under previous GAAP. The same is posted in the period to which it relates to under Ind AS

Reconciliation of Profit under Ind AS and previous GAAP	**March 31, 2018**
Profit as per previous GAAP	1718.27
Loan Portfolio	
Measurement of financial assets at amortised cost using EIR method	(138.14)
Impairment on financial instruments	663.50
Interest income recognised / (reversal) on Stage III loan portfolio	64.95
Borrowings	
Measurement of financial liabilities at amortised cost using EIR method	(120.46)
Others	
Re-recognition of securitization arrangement (net)	79.74
Recognition of Deferred tax charge	(374.11)
Adjustment of prior period items to the relevant period	(14.57)
Total Profit as per Ind-AS	**1,879.18**

(Rupees in millions unless otherwise stated)

Notes to Reconciliation of the previous GAAP and Ind AS:

Loan portfolio

A. Under previous GAAP, loan processing fees received in connection with loans portfolio is recognized upfront and credited to profit or loss for the year.
Under Ind AS, loan processing fee is credited to profit and loss using the effective interest rate method. The unamortised portion of loan processing fee is adjusted from the loan portfolio.

B. Under the Ind AS, allowance is provided on the loans given to customers is provided on the basis of percentage obtained by evaluating the loss of the previous years and management expectations for future losses. Under the previous GAAP the allowance is provided on the basis of percentage decided by the management. Under Ind AS, interest income is also recognized on Stage III loans, whereas under previous GAAP, interest is not recognized on Stage III loans.

Borrowings

C. Under previous GAAP, transaction costs incurred in connection with borrowings are recognised upfront and charged to profit or loss for the year. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

Securitisation Arrangement

D. The Parent Company has entered into securitization transaction. The Parent Company has de-recognized the securitised assets under previous GAAP as the same meets the de-recognition criteria as per previous GAAP. However, as per Ind AS, as the Parent Company has not transferred substantially all the risks and rewards, the securitized asset has been recognised in the books and a corresponding liability is also recognized. The transferred asset and the corresponding liability are measured on a basis that reflects the rights and obligations that the Parent Company has retained.

Optionally Convertible Redeemable Preference Shares (OCRPS)

E. Under previous GAAP, the parent Company had recognised balance in OCRPS as equity. Based on assessment of terms associated with such OCRPS, the instruments do not meet the condition of an equity instrument as per Ind AS 32 and accordingly have been classified as financial liability as at April 1, 2017 and March 31, 2018.

Deferred Tax Asset (DTA)

F. The Group has recognized Deferred Tax Asset in view of reasonable certainty of future taxable profits prescribed under Ind AS as against the condition of virtual certainty of future taxable profits supported by convincing evidence which was required to be fulfilled under previous GAAP.

38.8: Defined Benefit Plans

The Group 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 subject to limit of Rs.2,000,000 as per The Payment of Gratuity Act, 1972. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

Movement in defined benefit obligations

Particulars	March 31, 2019	March 31, 2018
Defined benefit obligation as at the beginning of the year	21.87	19.18
Current service cost	3.72	3.58
Interest on defined benefit obligation	1.63	1.34
Remeasurements- Actuarial (gain)/ Loss on total liabiities	3.62	0.53
Benefits paid	(3.04)	(2.98)
Defined benefit obligation as at the end of the year	**27.80**	**21.65**

Movement in plan assets

Particulars	March 31, 2019	March 31, 2018
Fair value of plan assets as at the beginning of the year	17.75	13.19
Actual return on plan assets	2.00	1.04
Actuarial gains	-	-
Employer contributions	7.50	6.50
Benefits paid	(3.04)	(2.98)
Fair value of plan assets as at the end of the year	**24.21**	**17.75**

Balance Sheet

Amount recognised in balance sheet

Particulars	March 31, 2019	March 31, 2018
Present value of obligations	27.80	21.65
Fair value on plan assets	24.21	17.75
Net defined benefit liability recognised in balance sheet	**3.59**	**3.90**

Expenses charged to the statement of profit and loss

Particulars	March 31, 2019	March 31, 2018
Current service cost	3.72	3.58
Interest Cost	0.31	0.42
Total	**4.03**	**4.00**

Remeasurement gains/(losses) in the other comprehensive income

Particulars	March 31, 2019	March 31, 2018
Remeasurements- Actuarial Gain / (Loss)	(2.94)	(0.41)
Amount recognised under Other Comprehensive Income	**(2.94)**	**(0.41)**

(Rupees in millions unless otherwise stated)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Category of Assets	March 31, 2019	March 31, 2018
Fund managed by Insurer	100%	100%
Total	**100%**	**100%**

Summary of Actuarial Assumptions

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.05%-7.48%	7.44%
Expected return on plan assets	7.44%	7.00%
Rate of Increase in compensation levels	5.00%-10.00%	10.00%
Retirement age (years)	58	58

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

Particulars	March 31, 2019	March 31, 2018
Discount rate (+0.5%)	(0.33)	(0.25)
Discount rate (-0.5%)	0.35	0.25
Salary Inflation (+1%)	0.64	0.47
Salary Inflation (-1%)	(0.62)	(0.45)
Withdrawal Rate (+5%)	(0.89)	(0.54)
Withdrawal Rate (-5%)	1.09	0.67

Projected plan cash flow

Particulars	March 31, 2019	March 31, 2018
Year 1	7.30	5.92
Year 2	5.82	4.69
Year 3	4.63	3.74
Year 4	3.80	2.96
Year 5	3.15	2.35
After year 5	9.33	6.80

Discount rate: The discount rate is based on the 5 years government bond yields as at the balance sheet date for the estimated term of the obligations.

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.

Salary escalation rate: The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

(Rupees in millions unless otherwise stated)

38.9: Leases

Operating lease where the group is a lessee

The group's significant leasing arrangements are in respect of operating leases of office premises(Head office and branch office). The branch office premises are generally rented on cancellable term of eleven months with or without escalation clause, however none of the branch lease agreement carries non-cancellable lease periods. The head office premises have been obtained on a lease term of nine to eleven years with an escalation clause of fifteen percent at a three years interval. There are no sub-leases.

Lease payments during the period are charged to statement of profit and loss.

Particulars	March 31, 2019	March 31, 2018
Operating lease payments recognized in the Statement of Profit & Loss	36.66	47.23

Minimum lease obligations

Particulars	As at March 31, 2019	As at March 31, 2018
Not later than one year	6.61	9.54
Later than one year and not later than five years	3.85	10.46
Later than five years	-	-

38.10: Amount payable to micro small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

As at March 31, 2019 and March 31, 2018, no supplier has intimated the Group about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

38.11: Risk Management and financial objectives

Risk is an integral part of the Group's business and sound risk management is critical to the success. As a financial intermediary, the Group 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 Group 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 Group has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted 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 taking stock of the risk landscape on an event-driven basis.

The Group 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.

a. 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 client selection. Measures such as verifying client details, online documentation and the 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 Group is a rural focused NBFC 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.

In order to mitigate the impact of credit risk in the future profitability, the Group makes reserves basis the expected credit loss (ECL) model for the outstanding loans as balance sheet date.

The below discussion describes the group's approach for assessing impairment as stated in annexure 6.

A) Probability of default (PD)

Old AP Portfolio

Considering that the old AP portfolio has already defaulted, there is no further requirement to estimate any probability of default. Accordingly, the parent company is carrying a 100% loss reserve against the Old AP portfolio.

New portfolio

The group determines PD on a collective basis by stratifying the entire portfolio into meaningful categories as discussed below.

The group uses historical vintage information of its loan portfolio to estimate PD. Based on uncertainties and risks arising from its operations in different geographical states in the country, the group bifurcates the entire portfolio into different states. Further the group performs analysis of its defaults in various states over different observation periods. Such observation time frame varies depending upon the type of underlying assets analysed by the group i.e. for Stage II, the timeframe used is more than 1 year.

In determining the above PD's, an effort is made to eliminate outliers for a particular observation period which are not likely to happen in future. Accordingly, the group determines PD for each state depending upon the underlying classification of asset (i.e. Stage I or Stage II).

(Rupees in millions unless otherwise stated)

A summary of PD rates determined by the Group for its portfolio are as follows:

	Parent company				Subsidiary Company (Criss Financial Holdings Limited)	
	March 31, 2018		March 31,2019		March 31,2019	
State	Stage-I	Stage-II	Stage-I	Stage-II	Stage-I	Stage-II
Madhya Pradesh	0.27%	63.63%	0.42%	70.88%	-	-
Orissa	0.10%	67.60%	0.14%	80.30%	-	-
Karnataka	0.16%	36.08%	0.28%	43.66%	-	-
Maharashtra	0.23%	52.90%	0.48%	78.70%	-	-
Chhattisgarh	0.16%	81.69%	0.33%	84.86%	-	-
Jharkhand	0.35%	80.25%	0.37%	79.13%	-	-
Kerala	0.62%	48.43%	1.65%	72.29%	-	-
Andhra Pradesh	3.91%	56.90%	1.55%	56.90%	0.01%	0.00%
Gujarat	0.94%	78.92%	0.67%	82.30%	-	-
Bihar	0.00%	0.00%	0.02%	0.00%	-	-
Rajasthan	0.00%	0.00%	0.00%	0.00%	-	-
Others	0% -20.56%	0% -78.04%	0% -7.73%	0% -78.04%	0.02%	20.54%

Based on its review of macro-economic developments and economic outlook, the Group has assessed that no adjustment is required for temporary overlays to determine qualitative impact on its PD's as at March 31, 2019

B) Exposure at default (EAD)
The outstanding balances as at the reporting date is considered as EAD by the Group. Considering that the PD determined above factors in amount at default, there is no separate requirement to estimate EAD.

C) Loss given default
The Group determines its expectation of lifetime loss by estimating recoveries towards its entire loan portfolio at state level through analysis of historical information. The Group determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. Based on its analysis of historical trends, the Group has assessed that significant recoveries happen in the year in which default has occurred. Accordingly, it believes no significant difference arise from discounting such recoveries for determining ultimate loss rates. In estimating LGD, the Group reviews macro-economic developments taking place in the economy.

A summary of LGD rates determined by the Group are given below:

	Parent company		Subsidiary Company (Criss Financial Holdings Limited)
State	March 31, 2018	March 31, 2019	March 31, 2019
Madhya Pradesh	91.53%	92.20%	-
Orissa	64.70%	83.12%	-
Karnataka	95.18%	93.64%	-
Maharashtra	92.77%	95.79%	-
Chhattisgarh	97.18%	93.07%	-
Jharkhand	96.17%	77.90%	-
Kerala	87.80%	77.70%	-
Andhra Pradesh	91.49%	91.49%	100.00%
Gujarat	98.85%	90.39%	-
Bihar	0.00%	0.00%	-
Rajasthan	0.00%	0.00%	-
Others	0% -92.89%	0% -92.66%	58.24%

Analysis of concentration risk of group is as follows:-

	Parent company		Subsidiary Company (Criss Financial Holdings Limited)
States	March 31, 2018	March 31, 2019	March 31, 2019
Madhya Pradesh	22.12%	21.33%	-
Orissa	18.86%	20.05%	-
Karnataka	22.49%	13.36%	-
Maharashtra	13.83%	11.49%	-
Chhattisgarh	7.48%	9.08%	-
Jharkhand	4.48%	5.18%	-
Kerala	3.18%	4.57%	-
Andhra Pradesh	3.09%	4.45%	88.88%
Gujarat	2.94%	2.99%	-
Bihar	0.39%	2.63%	-
Rajasthan	0.02%	2.24%	-
Telangana	0.13%	0.43%	11.12%
Others	0.98%	2.20%	-
Total	**100.00%**	**100.00%**	**100.00%**

(Rupees in millions unless otherwise stated)

b. Liquidity risk

Liquidity risk refers to the risk that the group may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The group consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. In order to reduce dependence on a single lender, the group has adopted a cap on borrowing from any single lender at 25%. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Group has a asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk

The tables below provide details regarding the contractual maturities of significant financial assets and liabilities as on:-

Maturity pattern of assets and liabilities as on March 31, 2019:

Particulars	Upto 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
Borrowings*	2,041.39	3,896.11	2,383.92	7,620.43	7,519.38	8,708.32	55.15	213.07	**32,437.77**
Other Financial Liabilities	442.48	-	-	2.39	-	-	-	-	**444.87**
Advances	5,063.01	4,692.35	3,675.27	11,155.60	14,797.08	9,177.43	204.79	5.82	**48,771.35**
Other Financial Assets	1,813.13	91.72	83.18	364.00	573.67	1,231.43	0.81	1.00	**4,158.94**

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities

Maturity pattern of assets and liabilities as on March 31, 2018:

Particulars	Upto 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
Borrowings*	1,488.24	1,712.42	1,710.23	5,887.33	8,533.04	6,197.46	60.00	238.22	**25,826.94**
Other Financial Liabilities	145.14	-	-	-	-	-	-	-	**145.14**
Advances	2,778.68	2,878.92	2,588.47	7,567.34	12,274.29	8,157.10	144.37	6.38	**36,395.55**
Other Financial Assets	1,070.91	0.33	-	2.84	1,131.21	557.19	-	1.00	**2,763.48**

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities

c. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Group is exposed to two types 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 Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

The group 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 loans given.

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:

Particulars	March 31, 2019	March 31, 2018
Finance Cost		
0.50 % Increase	(16.79)	(13.11)
0.50 % Decrease	16.79	13.11

ii. Price risk

The parent company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surpluses in the highly liquid debt funds for very short durations. The parent 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.

38.12: Transfer of financial assets

a. Securitisation Transaction:

During the current and previous year, the parent company has entered into securitisation arrangement with various parties. Under such arrangement, the parent company has transferred a pool of loan portfolio, which does not fulfil the derecognition criteria specified under Ind AS 109 as the parent company has concluded that risk and rewards with respect to these assets are not substantially transferred. Following such transfer, the parent company's involvement in these assets is as follows:

• As a servicer of the transferred assets
• To the extent of credit enhancements provided to such parties

The value of Financial assets and liabilities as on :-

Particulars	March 31, 2019	March 31, 2018
Carrying amount of assets	6,638.38	6,846.03
Carrying amount of associated liabilities	7,719.66	7,468.08
Fair value of assets	6,727.73	6,832.02
Fair value of associated liabilities	7,804.93	7,519.92

(Rupees in millions unless otherwise stated)

b. Assignment Transaction:

During the year ended March 31, 2019, the parent company has sold some loans and advances measured at amortised cost 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 derecognised.

The management has evaluated 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 derecognised financial assets measured at fair value and the gain/(loss) on derecognition, per type of asset

Particulars	March 31, 2019	March 31, 2018
Carrying amount of derecognised financial assets	1,403.81	-
Gain/(loss) from derecognition	156.13	-

Since the Parent Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognised on the date of derecognition itself as interest only strip receivable and correspondingly recognised as profit on derecognition of financial asset.

38.13: For the year ended March 31, 2019:

The Supreme Court has recently, delivered its ruling on the composition of basic wages for the purposes of deduction and contribution to the Employees Provident and Pension Funds. The group, in the interest of its employees, awaits clarity on the complexities revolving around the application of the said order, the ambiguity reflected by the divergent views of the legal experts and the response/direction from the authorities, including representations made by an industry association in this regard.

38.14: Employee Stock Option Plan (ESOP)

The Group has provided various equity settled share based payment schemes to its employees. The details are ESOP scheme are as follows.

Particulars	Grant	Number of Options granted	Vesting Period(In years)	Vesting Conditions
ESOP Scheme 2018	Grant I	338,854	5	20% vests every year subject to continuance of services
	Grant II	817,500	4	30%, 30%, 20% and 20% vests every year subject to continuance of services
	Grant III	13,500	4	30%, 30%, 20% and 20% vests every year subject to continuance of services

Exercise period for all the above schemes is 9 years from the date of grant of the options.
The expense recognised for employee services received during the year is Rs.41.14 million.

a. The following table lists the input to the black scholes models used for the options granted during the year ended March 31, 2019

Particulars	Grant I	Grant II	Grant III
Date of Grant	13-Aug-18	13-Aug-18	7-Feb-19
Date of Board / Compensation/ Committee Approval	13-Aug-18	13-Aug-18	7-Feb-19
Number of Options Granted	338,854	817,500	13,500
Method of settlement	Equity	Equity	Equity
Graded Vesting Period			
Day following the expiry of 12 months from grant	20%	30%	30%
Day following the expiry of 24 months from grant	20%	30%	30%
Day following the expiry of 36 months from grant	20%	20%	20%
Day following the expiry of 48 months from grant	20%	20%	20%
Day following the expiry of 60 months from grant	20%	NA	NA
Exercise Period	9 Years from the date of grant		
Vesting conditions	Employee must be in service at the time of vesting.		
Weighted average of remaining contractual Life in Years	8.37	8.37	8.86

b. The details of activity under ESOP Scheme 2018 Plan with an exercise price of Rs.263.35/- for the year ended March 31, 2019 have been summarised as below:

Particulars	Grant I	Grant II	Grant III
Granted during the year	338,854	817,500	13,500
Lapsed during the year	176,854	128,500	6,000
Outstanding at the end of the year *	**162,000**	**689,000**	**7,500**

*There are no options exercisable at the end of year.

c. Details of Stock Options granted during the year

The weighted fair value of stock option granted during the year ended March 31, 2019 was Rs. 147.90 for Grant I, Rs.143.67 for Grant II and Rs.192.91 for Grant III. The Black -Scholes Model has been used for computing the weighted average fair value considering the following:

Grant -I	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Share price on the date of Grant	263.34	263.34	263.34	263.34	263.34
Exercise Price	263.35	263.35	263.35	263.35	263.35
Expected Volatility(%)	46.12%	46.12%	46.12%	46.12%	46.12%
Life of the options granted in year	5.0	5.5	6.0	6.5	7.0
Risk Free Interest Rate(%)	7.86%	7.90%	7.90%	8.02%	8.02%
Expected dividend rate(%)	0.00%	0.00%	0.00%	0.00%	0.00%
Fair Value of the option	135.27	141.99	148.09	154.37	159.76

(Rupees in millions unless otherwise stated)

Grant -II	Tranche I	Tranche II	Tranche III	Tranche IV
Share price on the date of Grant	263.34	263.34	263.34	263.34
Exercise Price	263.35	263.35	263.35	263.35
Expected Volatility(%)	46.12%	46.12%	46.12%	46.12%
Life of the options granted in year	5.0	5.5	6.0	6.5
Risk Free Interest Rate(%)	7.86%	7.90%	7.90%	8.02%
Expected dividend rate(%)	0.00%	0.00%	0.00%	0.00%
Fair Value of the option	135.27	141.99	148.09	154.37

Grant -III	Tranche I	Tranche II	Tranche III	Tranche IV
Share price on the date of Grant	322.35	322.35	322.35	322.35
Exercise Price	263.35	263.35	263.35	263.35
Expected Volatility(%)	47.13%	47.13%	47.13%	47.13%
Life of the options granted in year	5.0	5.5	6.0	6.5
Risk Free Interest Rate(%)	7.28%	7.38%	7.38%	7.42%
Expected dividend rate(%)	0.00%	0.00%	0.00%	0.00%
Fair Value of the option	183.79	191.28	197.80	204.14

38.15: Disclosure of investing and financing transactions that do not require the use of cash and cash equivalents

For the year ended March 31, 2019

Name of instrument	Opening Balance	Converted into equity share capital	Premium added on conversion of preference shares into equity shares	Cash Flows	Closing Balance
CCPS Class A	2,350.00	(2,350.00)	-	-	-
CCPS Class B	7,910.08	(7,910.08)	-	-	-
CCPS Class A1	1,192.13	(1,192.13)	-	-	-
Share Warrants	14.89	(14.89)	-	-	-
OCRPS (all series)	0.10	(22.70)	-	22.61	-
Equity Share capital**	297.57	277.49	11,212.30	21.28	11,808.64
Total Borrowings	23,313.77	-	-	6,363.60	29,677.37
Total	**35,078.54**	**(11,212.31)**	**11,212.30**	**6,407.49**	**41,486.01**

** Closing balance of equity share capital includes premium amount added on conversion of CCPS (all class) into equity share capital.

For the year ended March 31, 2018

Name of instrument	Opening Balance	Converted into equity share capital	Premium added on conversion of preference shares into equity shares	Cash Flows	Closing Balance
Total Borrowings	9,334.66	-	-	13,979.11	23,313.77

38.16: Business Combination

On December 27, 2018, the Group acquired 95.97% of the voting shares (2,837,135 shares) of Criss Financial Holdings Limited, a non-listed NBFC based in India for a purchase consideration of Rs.375.24 million. Further, the Group has invested Rs.250.00million on December 28, 2018 in lieu for fresh issue of 1,890,217 equity of shares by Criss Financial Holdings Limited. Thereafter, Group holds 97.54% of the voting shares of Criss Financial Holdings Limited. Goodwill has been recorded, since the Group considers equity interest in Criss Financial Holdings Limited as long term strategic business with no intention to liquidate in the near future.

Non Controlling Interest has been calculated based on the proportionate share in Fair value of Net Assets acquired.

Details of acquisition transaction

Particulars	Amount
Components of consideration paid	
Cash	375.24
	375.24
Market value of asset acquired:	
Cash and Cash Equivalents	14.29
Bank Balances other than cash and cash equivalent	21.64
Loan Portfolio (Note (i) below)	1,475.01
Deferred Tax Assets (net)	1.41
Property, Plant and Equipment	1.17
Intangible Assets	0.76
Other Non Financial Assets	4.36
	1,518.64
Market value of Liabilities acquired:	
Borrowings (Other than Debt Securities)	(1,125.15)
Subordinated Liabilities	(118.68)
Other Financial Liabilities	(14.45)
Current Tax Liabilities (net)	(48.19)
Provisions	(0.43)
Other Non Financial liabilities	(1.79)
	(1,308.68)
Non Controlling Interest	(8.46)
Goodwill (Note (ii) below)	173.74
Total	**375.24**

(Rupees in millions unless otherwise stated)

a. The revenue and net profit of the acquiree since the date of acquistion included in the consolidated statement of Profit or loss for the FY 2018-19 are Rs.88.39 million and Rs.30.46 million respectively and consolidated revenue and net profit of the combined entity for FY 2018-19 are Rs.10,485.29 million and Rs.3,119.00 million respectively

b. The revenue and net profit of the combined entity for the current reporting period as though the acquisition date for the business combination that occured during the year had been as of the beginning of the annual reporting period are Rs. 10,727.15 million and Rs. 3,226.47 million respectively.

Notes:

i. Loan portfolio

Particulars	Amount
Fair value of the loan portfolio	1,475.01
Gross contractual amounts receivable	1,476.64
The best estimate at the acquisition date of the contractual cash flows not expected to be collected	1.63

ii. Based upon the assessment performed with respect to Company's investment in subsidiary, no adjustment on account of impairment is required to be effected to the carrying value of goodwill.

38.17: CSR Expenses

Particulars	31-Mar-19	31-Mar-18
a) Gross amount required to be spent by the Company during the year	23.25	15.78
b) Amount spent during the year on purposes other than construction/acquisition of any asset	19.93	4.01
Paid	19.93	4.01
Yet to be paid	1.15	-
Total	21.08	4.01

38.18: The Group has certain litigations pending with income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Group has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liability where applicable in the financial statements.

38.19: Standards issued but not yet effective

Ind AS 116: leases

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 'Leases'. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.
The Group is evaluating the requirements of Ind AS 116 and its effect on the financial statements.

As per our report of even date
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

per Shrawan Jalan
Partner
Membership No.102102

Padmaja Gangireddy
Managing Director
DIN: 00004842

Kartikeya Dhruv Kaji
Director
DIN: 07641723

Sudhesh Chandrasekar
Chief Financial Officer

Rakesh Jhinjharia
Company Secretary
Membership No. F8325

Place: Mumbai
Date: June 28, 2019

Place: Mumbai
Date: June 28, 2019

Auditors' Report on the restated standalone summary statement of assets and liabilities as at March 31, 2019, 2018 and 2017 and restated standalone summary statements of profit and loss, cash flows and changes in equity for each of the years ended March 31, 2019, 2018 and 2017 of Spandana Sphoorty Financial Limited (collectively, the "Restated Standalone Ind AS Summary Statements")

The Board of Directors
Spandana Sphoorty Financial Limited
Plot No. 31 & 32, Ramky Selenium Towers,
Tower A, Ground Floor, Financial District, Nanakramguda,
Hyderabad, Telangana – 500 032

Dear Sirs / Madams,

1. We have examined the attached Restated Standalone Ind AS Summary Statements of Spandana Sphoorty Financial Limited (the "Company") as at March 31, 2019, 2018 and 2017 and for each of the years ended March 31, 2019, 2018 and 2017, annexed to this report and prepared by the Company for the purpose of inclusion in the Red Herring Prospectus and Prospectus (collectively referred to as the "Offer Documents") in connection with its proposed initial public offer of equity shares of face value of Rs.10 each ("IPO"). The Restated Standalone Ind AS Summary Statements, which have been approved by the Board of Directors of the Company, have been prepared by the Company in accordance with the requirements of:

   a) Section 26 of Chapter III of the Companies Act, 2013, as amended (the "Act"); and

   b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992, as amended.

Management's Responsibility for the Restated Standalone Ind AS Summary Statements

2. The preparation of the Restated Standalone Ind AS Summary Statements, which are to be included in the Offer Documents, is the responsibility of the Management of the Company for the purpose set out in paragraph 13 below. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Standalone Ind AS Summary Statements. The Management is also responsible for identifying and ensuring that the Company complies with the Act and the ICDR Regulations.

Auditors' Responsibilities

3. We have examined such Restated Standalone Ind AS Summary Statements taking into consideration:

   a) the terms of reference and our engagement agreed with you vide our engagement letter dated May 31, 2019, requesting us to carry out work on such Restated Standalone Ind AS Summary Statements, proposed to be included in the Offer Documents of the Company in connection with the Company's proposed IPO;

   b) the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (the "Guidance Note"); and

   c) 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 and the ICDR Regulations in connection with the IPO.

4. The Company proposes to make an IPO which comprises a fresh issue of equity shares of Rs.10 each by the Company and an offer for sale by certain shareholders of the existing equity shares of Rs.10 each, at an issue price, to be arrived at by a book building process, as may be decided by the Board of Directors of the Company.

Restated Standalone Ind AS Summary Statements as per audited standalone financial statements

5. The Restated Standalone Ind AS Summary Statements have been compiled by the management from the audited standalone financial statements as at and for each of the years ended March 31, 2019, 2018 and 2017 which have been approved by the Board of Directors at their meetings held on May 24, 2019, May 15, 2018 and June 15, 2017, respectively. The standalone financial statements as at and for the year ended March 31, 2019 were prepared by the Company in accordance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The standalone financial statements as at and for each of the years ended March 31, 2018 and 2017 were prepared by the Company 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.

6. For the purpose of our examination, we have relied on the Auditors' Reports issued by us dated May 24, 2019, May 15, 2018 and June 15, 2017 on the standalone financial statements of the Company as at and for each of the years ended March 31, 2019, 2018 and 2017 respectively, as referred in Para 5 above.

7. Based on our examination, in accordance with the requirements of Section 26 of Chapter III of the Act, the ICDR Regulations and the Guidance Note, we report that:

   a) The restated standalone summary statement of assets and liabilities of the Company as at March 31, 2019, 2018 and 2017 examined by us, as set out in Annexure 1 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 5 – Restated Standalone Statement of Material Adjustments.

   b) The restated standalone summary statement of profit and loss of the Company for each of the years ended March 31, 2019, 2018 and 2017 examined by us, as set out in Annexure 2 to this report, have been arrived at after making adjustments and regroupings/ reclassifications as in our opinion were appropriate and more fully described in Annexure 5 – Restated Standalone Statement of Material Adjustments.

   c) The restated standalone summary statement of cash flows of the Company for each of the years ended March 31, 2019, 2018 and 2017 examined by us, as set out in Annexure 3 to this report, have been arrived at after making adjustments and regroupings/ reclassifications as in our opinion were appropriate and more fully described in Annexure 5 – Restated Standalone Statement of Material Adjustments.

   d) The restated standalone summary statement of changes in equity of the Company for each of the years ended March 31, 2019, 2018 and 2017 examined by us, as set out in Annexure 4 to this report, have been arrived at after making adjustments and regroupings/ reclassifications as in our opinion were appropriate and more fully described in Annexure 5 – Restated Standalone Statement of Material Adjustments.

   e) Based on the above and according to the information and explanations given to us, we further report that:

      i) The Restated Standalone Ind AS Summary Statements have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;

      ii) The Restated Standalone Ind AS Summary Statements have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;

      iii) The Restated Standalone Ind AS Summary Statements do not contain any extra-ordinary items that need to be disclosed separately in the Restated Standalone Ind AS Summary Statements;

      iv) The Restated Standalone Ind AS Summary Statement do not contain any exceptional items that need to be disclosed separately other than those presented in the Restated Standalone Ind AS Summary Statements;

      v) There are no qualifications in the auditors' reports on the audited financial statements as at and for each of the years ended March 31, 2019, 2018 and 2017, which require any adjustments to the Restated Standalone Ind AS Summary Statements; and

vi) Emphasis of matter included in the auditors' report on the standalone financial statements for the year ended March 31, 2019, other audit qualifications included in the auditors' report pursuant to Rule 11(d) of Companies (Audit and Auditors) Amendment Rules, 2017 on the standalone financial statements for the year ended March 31, 2017 and Annexures to the auditors' reports issued under the Companies (Auditor's Report) Order, 2016, on the standalone financial statements for the years ended March 31, 2019, 2018 and 2017, which do not require any corrective adjustment in the Restated Standalone Ind AS Summary Statements, are as follows:

A. Auditors' Report for the year ended March 31, 2019:

Emphasis of Matter
We draw attention to Note 33 (b) of the Standalone Ind AS financial statements, which describes an uncertainty arising from an observation made by the Reserve Bank of India (RBI) with regards to adherence to the pricing guidelines issued under RBI Master Directions DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, as amended ("Master Directions") and management's response thereto supported by external legal advice confirming compliance with the Master Directions. Pending outcome of the management's response to the RBI, no provision has been made in these Standalone Ind AS financial statements.

Our opinion is not modified in respect of this matter.

B. Annexure to Auditors' Report for the year ended March 31, 2019:

Clause (vii) (b)
According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute (Rs.) *	Amount paid (Rs.) **	Period to which its relates	Forum where dispute is pending
Chapter V of the Finance Act, 1994	Service Tax	56,852,171	9,926,956	Financial year from 2006-07 to 2014-15	Customs, Excise & Service Tax Appellate Tribunal ('CESTAT')

* Excluding interest and penalty, as applicable
** Paid under protest

C. Annexure to Auditors' Report for the year ended March 31, 2018:

Clause (vii) (a)
Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income tax, service tax, sales tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Nature of the Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates
The Gujarat, Panchayats, Municipalities, Municipal Corporations and State Tax on Professions, Traders, Callings and Employments Act, 1976	Professional Tax	7,810*	Oct 2016 to July 2017
The Kerala Panchayat Raj Act, 1994	Professional Tax	1,250	April 2017 to September 2017

* Discharged subsequently on April 25, 2018

Clause (vii) (b)
According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute (Rs.) *	Amount paid (Rs.) **	Period to which its relates	Forum where dispute is pending
Chapter V of the Finance Act, 1994	Service Tax	56,852,171	9,926,956	Financial year from 2006-07 to 2014-15	Customs, Excise & Service Tax Appellate Tribunal ('CESTAT')

* Excluding interest and penalty, as applicable
** Paid under protest

Clause (viii)
According to the information and explanations given by the management, the Company has delayed in repayment of loans or borrowings to a financial institution by four days and to a bank by eight days during the year aggregating Rs.68,675,920, which were discharged by the Company before March 31, 2018 and accordingly no dues are outstanding as at reporting date. The Company has not defaulted in repayment of dues to debenture holders. The Company did not have loans or borrowings from the government during the year.

D. Auditors' Report for the year ended March 31, 2017:

Paragraph 2(g)(iv) of Report on Other Legal and Regulatory Requirements
The Company has provided the disclosures in Note 4.31 to the financial statements as to the holding of Specified Bank Notes ('SBNs') on November 8, 2016 and December 30, 2016 as well as dealings in SBNs during the period from November 9, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including those in SBNs, we report that these disclosures are in accordance with the books of account maintained by the Company and as produced before us for verification. However, as stated in Note 4.31 (b) to the financial statements and as represented to us by the management, the Company has received an amount aggregating Rs.56.41 crore from transactions which were not permitted.

E. Annexure to Auditors' Report for the year ended March 31, 2017:

Clause (vii) (a)
Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

Clause (vii) (b)
According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute (Rs.) *	Amount paid (Rs.) **	Period to which its relates	Forum where dispute is pending
Chapter V of the Finance Act, 1994	Service Tax	57,130,919	9,926,956	Financial year from 2006-07 to 2014-15	Customs, Excise & Service Tax Appellate Tribunal ('CESTAT')

* Excluding interest and penalty, as applicable
** Paid under protest

Clause (viii)
According to the information and explanations given by the management, the Company has delayed in repayment of loans or borrowings to financial institutions and banks during the year aggregating Rs.6,832,124,367 which were discharged by the Company before March 31, 2017 and accordingly, no dues are outstanding as at the reporting date. The Company did not have any loans or borrowings from the government or dues to debenture holders during the year.

8. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2019. Accordingly, we express no opinion on the financial position, results of operations, cash flows or changes in equity of the Company as of any date or for any period subsequent to March 31, 2019.

Other Financial Information

9. At the Company's request, we have also examined the following restated standalone financial information proposed to be included in the Offer Documents, prepared by the Management and approved by the Board of Directors of the Company on June 28, 2019 and annexed to this report relating to the Company, as at and for each of the years ended March 31, 2019, 2018 and 2017:

   i. Restated standalone summary statement of Cash and cash equivalents, enclosed as Annexure 7;
   ii. Restated standalone summary statement of Bank balance other than cash and cash equivalents, enclosed as Annexure 8;
   iii. Restated Standalone Summary Statement of Trade receivables, enclosed as Annexure 9;
   iv. Restated Standalone Summary Statement of Loan portfolio, enclosed as Annexure 10;
   v. Restated Standalone Summary Statement of Investments, enclosed in Annexure 11;
   vi. Restated Standalone Summary Statement of Other financial assets, enclosed as Annexure 12;
   vii. Restated Standalone Summary Statement of Current Tax Assets (net), enclosed as Annexure 13;
   viii. Restated Standalone Summary Statement of Deferred Tax Assets (net), enclosed as Annexure 14;
   ix. Restated Standalone Summary Statement of Property, plant and equipment, enclosed as Annexure 15;
   x. Restated Standalone Summary Statement of Other Non-Financial assets, enclosed as Annexure 16;
   xi. Restated Standalone Summary Statement of Borrowings, enclosed as Annexure 17;
   xii. Restated Standalone Summary Statement of Other Financial liabilities, enclosed as Annexure 18;
   xiii. Restated Standalone Summary Statement of Current Tax Liabilities (net), enclosed as Annexure 19;
   xiv. Restated Standalone Summary Statement of Provisions, enclosed as Annexure 20;
   xv. Restated Standalone Summary Statement of Other Non-Financial liabilities, enclosed as Annexure 21;
   xvi. Restated Standalone Summary Statement of Equity Share capital, enclosed as Annexure 22;
   xvii. Restated Standalone Summary Statement of Other Equity, enclosed as Annexure 23;
   xviii. Restated Standalone Summary Statement of Interest income, enclosed as Annexure 24;
   xix. Restated Standalone Summary Statement of Net Gain on Fair Value Changes, enclosed as Annexure 25;
   xx. Restated Standalone Summary Statement of Others, enclosed as Annexure 26;
   xxi. Restated Standalone Summary Statement of Other income, enclosed as Annexure 27;
   xxii. Restated Standalone Summary Statement of Finance costs, enclosed as Annexure 28;
   xxiii. Restated Standalone Summary Statement of Impairment on Financial Instruments, enclosed as Annexure 29;
   xxiv. Restated Standalone Summary Statement of Employee benefits expense, enclosed as Annexure 30;
   xxv. Restated Standalone Summary Statement of Other expenses, enclosed as Annexure 31;
   xxvi. Restated Standalone Summary Statement of Exceptional Items of Income/(Expense), enclosed as Annexure 32;
   xxvii. Restated Standalone Summary Statement of Income Tax expense, enclosed as Annexure 33;
   xxviii. Restated Standalone Summary Statement of Earnings per share, enclosed as Annexure 34;
   xxix. Statement of Dividend, enclosed as Annexure 35.
   xxx. Restated Standalone Summary Statement of Capitalisation, enclosed as Annexure 36;
   xxxi. Restated Standalone Summary Statement of Accounting Ratios, enclosed as Annexure 37;
   xxxii. Restated Standalone Summary Statement of Tax Shelter, enclosed as Annexure 38;
   xxxiii. Restated Standalone Summary Statement of Additional Information, enclosed as Annexure 39;

10. According to the information and explanations given to us, in our opinion, the Restated Standalone Ind AS Summary Statements and the above restated standalone statements contained in Annexures 7 to 39 accompanying this report, read with Restated Standalone Statement of Significant Accounting Policies disclosed in Annexure 6, are prepared after making adjustments and regroupings as considered appropriate and disclosed in Annexure 5 and have been prepared in accordance with Section 26 of Chapter III of the Act, the ICDR Regulations and the Guidance Note.

11. This report should not in any way be construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the management for inclusion in the Offer Documents to be filed with SEBI, BSE Limited, the National Stock Exchange of India Limited and the Registrar of Companies, Hyderabad in connection with the proposed IPO and is not to be used, referred to or distributed for any other purpose except with our prior consent in writing.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Shrawan Jalan
Partner
Membership No. 102102

Mumbai
June 28, 2019

Spandana Sphoorty Financial Limited
Annexure 1: Restated Standalone Summary Statement of Assets and Liabilities

(Rupees in millions unless otherwise stated)

Particulars	Annexures	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
ASSETS				
Financial assets				
Cash and cash equivalents	7	1,454.07	1,025.07	2,901.17
Bank balances other than cash and cash equivalents	8	2,028.09	1,032.47	23.08
Trade receivables	9	35.49	25.54	14.64
Loan portfolio	10	41,653.89	30,896.26	11,945.49
Investments	11	646.35	21.00	1.00
Other financial assets	12	861.35	659.59	17.43
Total financial assets		**46,679.24**	**33,659.93**	**14,902.81**
Non-financial assets				
Current tax assets (net)	13	83.37	41.86	46.63
Deferred tax assets (net)	14	1,998.36	3,840.84	4,214.96
Property, plant and equipment	15	70.86	58.54	66.23
Intangible assets	15	21.53	26.03	23.85
Other non-financial assets	16	127.01	15.47	31.74
Total non-financial assets		**2,301.13**	**3,982.74**	**4,383.41**
Total Assets		**48,980.37**	**37,642.67**	**19,286.22**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Debt securities	17	13,719.64	10,147.13	-
Borrowings (other than debt securities)	17	15,529.89	12,965.08	9,324.57
Subordinated liabilities	17	201.56	201.55	10.09
Other financial liabilities	18	435.21	145.14	259.52
Total financial liabilities		**29,886.30**	**23,458.90**	**9,594.18**
Non-financial liabilities				
Current tax liabilities (net)	19	3.48	92.96	235.84
Provisions	20	3.42	3.90	5.98
Other non-financial liabilities	21	223.43	180.31	174.53
Total non-financial liabilities		**230.33**	**277.17**	**416.35**
EQUITY				
Equity share capital	22	596.34	297.56	284.49
Other equity	23	18,267.40	13,609.04	8,991.20
Total equity		**18,863.74**	**13,906.60**	**9,275.69**
Total Liabilities and Equity		**48,980.37**	**37,642.67**	**19,286.22**
Summary of significant accounting policies	6			
The accompanying annexures are an integral part of the restated standalone summary statements.				

As per our report of even date
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

per Shrawan Jalan
Partner
Membership No.102102

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Padmaja Gangireddy
Managing Director
DIN: 00004842

Kartikeya Dhruv Kaji
Director
DIN: 07641723

Sudhesh Chandrasekar
Chief Financial Officer

Rakesh Jhinjharia
Company Secretary
Membership No. F8325

Place: Mumbai
Date: June 28, 2019

Place: Mumbai
Date: June 28, 2019

Spandana Sphoorty Financial Limited
Annexure 2: Restated Standalone Summary Statement of Profit and Loss

(Rupees in millions unless otherwise stated)

Particulars	Annexures	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
Revenue from Operations				
Interest income	24	9,914.42	5,730.09	3,705.98
Commission income		147.59	39.75	37.88
Net gain on fair value changes	25	265.70	42.15	16.38
Others	26	35.10	60.75	10.40
Total Revenue from operations		**10,362.81**	**5,872.74**	**3,770.64**
Other income	27	54.27	2.25	16.02
Total Income		**10,417.08**	**5,874.99**	**3,786.66**
Expenses				
Finance cost	28	3,564.71	2,317.91	1,493.89
Impairment on financial instruments	29	454.17	(354.09)	983.90
Employee benefit expenses	30	1,299.89	758.71	580.54
Depreciation and amortization expense	15	69.19	57.24	83.33
Other expenses	31	335.31	268.01	294.00
Total expenses		**5,723.27**	**3,047.78**	**3,435.66**
Profit before exceptional items and tax		**4,693.81**	**2,827.21**	**351.00**
Exceptional items	32	-	-	104.86
Profit before tax		**4,693.81**	**2,827.21**	**455.86**
Tax expense:				
Current tax	33	3.48	573.37	235.84
Deferred tax	33	1,602.85	374.13	(4,214.12)
Income tax expense		**1,606.33**	**947.50**	**(3,978.28)**
Profit for the year		**3,087.48**	**1,879.71**	**4,434.14**
Other Comprehensive Income				
Items that will not be reclassified subsequently to profit or loss				
Re-measurement gains/(losses) on defined benefit plans		(3.07)	(0.42)	(2.42)
Income tax effect		1.07	0.14	0.84
Items that will be reclassified subsequently to profit or loss				
Fair value gain on loan portfolio		688.80	-	-
Income tax effect		(240.69)	-	-
Total other comprehensive income for the year		**446.11**	**(0.28)**	**(1.58)**
Total comprehensive income for the year		**3,533.59**	**1,879.43**	**4,432.56**
Earnings per share including exceptional items				
Basic	34	52.92	42.52	216.93
Diluted	34	52.81	42.51	5.48
Earnings per share excluding exceptional item				
Basic	34	52.92	42.52	213.55
Diluted	34	52.81	42.51	5.39
Nominal value of share (Rs.)		10.00	10.00	10.00

Summary of significant accounting policies 6
The accompanying annexures are an integral part of the restated standalone summary statements.

As per our report of even date
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

per Shrawan Jalan
Partner
Membership No.102102

Padmaja Gangireddy
Managing Director
DIN: 00004842

Kartikeya Dhruv Kaji
Director
DIN: 07641723

Sudhesh Chandrasekar
Chief Financial Officer

Rakesh Jhinjharia
Company Secretary
Membership No. F8325

Place: Mumbai
Date: June 28, 2019

Place: Mumbai
Date: June 28, 2019

Spandana Sphoorty Financial Limited
Annexure 3: Restated Standalone Summary Statement of Cash Flows

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
Cash flow from operating activities			
Profit before tax	4,693.81	2,827.21	455.86
Adjustments for:			
Interest on income tax	1.15	24.40	-
Depreciation and amortization	69.19	57.24	83.33
Share based payment to employees	41.14	-	-
Provision for gratuity	3.95	4.05	7.67
Net gain on derecognition of property, plant and equipment	(0.03)	(0.40)	(0.21)
Impairment on financial instruments	454.17	(354.09)	983.90
Net gain on fair value changes	(109.57)	(15.84)	(16.38)
Other provisions and write offs	23.61	19.06	10.27
Operating profit before working capital changes	**5,177.42**	**2,561.63**	**1,524.44**
Movements in working capital :			
Increase / (decrease) in other financial liabilities	290.10	(114.38)	(1,420.99)
Increase / (decrease) in provisions	(7.50)	(6.45)	(5.18)
Increase / (decreases) in other non financial liabilities	43.12	5.78	1.76
(Increase) / decrease in bank balances other than cash and cash equivalents	(995.63)	(1,009.37)	(1.63)
(Increase) / decrease in trade receivables	(9.95)	(10.90)	3.70
(Increase) / decrease in loan portfolio	(10,522.94)	(18,596.68)	(789.96)
(Increase) / decrease in other financial assets	(225.23)	(661.22)	(11.16)
(Increase) / decrease in other non financial assets	(111.54)	16.26	5.17
Cash used in operations	**(6,362.15)**	**(17,815.33)**	**(693.85)**
Income taxes paid	(135.61)	(735.88)	105.02
Net cash generated / (used) in operating activities (A)	**(6,497.76)**	**(18,551.21)**	**(588.83)**
Cash flows from investing activities			
Purchase of property, plant and equipment	(69.07)	(34.88)	(13.98)
Purchase of intangible assets	(8.00)	(16.93)	(14.78)
Proceeds from derecognition of property, plant and equipment	0.08	0.48	0.24
Purchase of investments	(67,585.20)	(34,856.79)	(4,593.40)
Sale of investments	67,694.76	34,872.64	4,609.78
Investment in subsidiary	(625.35)	(20.00)	-
Net cash generated / (used) in investing activities (B)	**(592.78)**	**(55.48)**	**(12.14)**
Cash flows from financing activities			
Proceeds from issue of equity shares	501.00	307.87	1,900.00
Balance subscription of Optionally Convertible Redeemable preference shares (all series) (including securities premium)	532.31	2,442.13	-
Proceeds from issue of Preference Shares (including securities premium)	-	-	1,102.27
Proceeds from issue of Share Warrants (including securities premium)	349.03	1.49	-
Dividend paid to Compulsory Convertible preference shares (all class)	(0.13)	-	-
Debt securities (net)	3,572.51	10,147.13	-
Borrowings (other than debt securities) (net)	2,564.81	3,640.51	136.61
Subordinated liabilities (net)	0.01	191.46	10.00
Net cash generated / (used) from financing activities (C)	**7,519.54**	**16,730.59**	**3,148.88**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**429.00**	**(1,876.10)**	**2,547.91**
Cash and cash equivalents at the beginning of the year	1,025.07	2,901.17	353.26
Cash and cash equivalents at the end of the period (refer annexure 7)	**1,454.07**	**1,025.07**	**2,901.17**

For disclosure of investing and financing transactions that do not require the use of cash and cash equivalents, refer annexure 39.15.

Cash flow from operating activities includes interest received of Rs.9,463.40 million during March 31, 2019 (March 31, 2018: Rs. 5,347.80 million) and interest paid of Rs.3,329.04 million during March 31, 2019 (March 31, 2018: Rs. 1,874.69 million)

Summary of significant accounting policies (annexure 6)

The accompanying annexures are an integral part of the restated standalone summary statements.

As per our report of even date
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

per Shrawan Jalan
Partner
Membership No.102102

Padmaja Gangireddy
Managing Director
DIN: 00004842

Kartikeya Dhruv Kaji
Director
DIN: 07641723

Sudhesh Chandrasekar
Chief Financial Officer

Rakesh Jhiniharia
Company Secretary
Membership No. F8325

Place: Mumbai
Date: June 28, 2019

Place: Mumbai
Date: June 28, 2019

Spandana Sphoorty Financial Limited
Annexure 4: Restated Standalone Summary Statement of changes in equity

A. Equity Shares
Equity Share of Rs. 10 each issued, subscribed and fully paid

(Rupees in millions unless otherwise stated)

Particulars	No. of Shares	Amount
As at April 1, 2016 (Proforma)	20,380,767	203.81
Issue of equity share capital during the year ended March 31, 2017(refer annexure 22)	8,068,626	80.68
As at March 31, 2017 (Proforma)	28,449,393	284.49
Issue of equity share capital during the year ended March 31, 2018 (refer annexure 22)	1,307,425	13.07
As at March 31, 2018	29,756,818	297.56
Issue of equity share capital during the year ended March 31, 2019 (refer annexure 22)	29,876,865	298.77
As at March 31, 2019	59,633,683	596.34

B. Other Equity

(Rupees in millions unless otherwise stated)

Particulars	Annexure	Reserves & Surplus							Equity component of compound financial instrument	Money received against share warrants	Other items of comprehensive income (fair valuation on loan portfolio)	Grand Total
		Securities Premium	Retained Earnings	General Reserve	Statutory Reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)	Capital Redemption Reserve	Share options outstanding reserve	Total				
Balance as at April 1, 2016 (Proforma)		**761.32**	**(10,083.23)**	**23.28**	**1,499.07**	**1,526.92**	**-**	**(6,272.64)**	**-**	**-**	**-**	**(6,272.64)**
Profit for the year		-	4,434.14	-	-	-	-	4,434.14	-	-	-	4,434.14
Other comprehensive income for the year		-	(1.58)	-	-	-	-	(1.58)	-	-	-	(1.58)
Total comprehensive income for the year		**-**	**4,432.56**	**-**	**-**	**-**	**-**	**4,432.56**	**-**	**-**	**-**	**4,432.56**
Transfer to Statutory Reserve *		-	(105.90)		105.90		-	-	-	-	-	-
Dividend on OCCRPS		-	(0.30)	-	-	-	-	(0.30)	-	-	-	(0.30)
Conversion of OCRPS to CCPS		-	-	-	-	-	-	-	7,910.08	-	-	7,910.08
Issue of CCPS		-	-	-	-	-	-	-	1,100.00	-	-	1,100.00
Issue of OCRPS (all series)		2.18	-	-	-	-	-	2.18	-	-	-	2.18
Issue of equity shares		1,819.31	-	-	-	-	-	1,819.31	-	-	-	1,819.31
Balance as at March 31, 2017 (Proforma)		**2,582.81**	**(5,756.87)**	**23.28**	**1,604.97**	**1,526.92**	**-**	**(18.89)**	**9,010.08**	**-**	**-**	**8,991.19**
Profit for the year		-	1,879.71	-	-	-	-	1,879.71	-	-	-	1,879.71
Other comprehensive income for the year		-	(0.28)	-	-	-	-	(0.28)	-	-	-	(0.28)
Total comprehensive income for the year		**-**	**1,879.43**	**-**	**-**	**-**	**-**	**1,879.43**	**-**	**-**	**-**	**1,879.43**
Transfer to Statutory Reserve *		-	(343.70)	-	343.70	-	-	-	-	-	-	-
Issue of share capital during the year		294.80	-	-	-	-	-	294.80	2,442.13	1.49	-	2,738.42
Balance as at March 31, 2018	**23**	**2,877.61**	**(4,221.14)**	**23.28**	**1,948.67**	**1,526.92**	**-**	**2,155.33**	**11,452.21**	**1.49**	**-**	**13,609.04**
Profit for the year ended March 31, 2019		-	3,087.48	-	-	-	-	3,087.48	-	-	-	3,087.48
Other comprehensive income for the year ended March 31, 2019		-	(2.00)	-	-	-	-	(2.00)	-	-	448.11	446.11
Total comprehensive income		**-**	**3,085.48**	**-**	**-**	**-**	**-**	**3,085.48**	**-**	**-**	**448.11**	**3,533.59**
Transfer to Statutory Reserve		-	(617.50)	-	617.50	-	-	-	-	-	-	-
Fair value of stock option - charge for the year		-	-	-	-	-	41.25	41.25			-	41.25
Issue of share capital during period ended March 31, 2019	22	479.72	-	-	-	-	-	479.72	-	-	-	479.72
Conversion of Compulsory Convertible preference shares	22	11,212.29	-	-	-	-	-	11,212.29	(11,452.21)	-	-	(239.92)
Conversion of Optionally Convertible Redeemable preference shares - Series A, B & C	22	509.70	-	-	-	-	-	509.70	-	-	-	509.70
Conversion of share warrants	22	335.64	-	-	-	-	-	335.64	-	(1.49)	-	334.15
Dividend on CCPS all class(includes dividend distribution tax)	22	-	(0.13)	-	-	-	-	(0.13)	-	-	-	(0.13)
Balance as at March 31, 2019	**23**	**15,414.96**	**(1,753.29)**	**23.28**	**2,566.17**	**1,526.92**	**41.25**	**17,819.29**	**-**	**-**	**448.11**	**18,267.40**

* As determined on the basis of profits under previous GAAP.

As per our report of even date
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

per Shrawan Jalan
Partner
Membership No.102102

Place: Mumbai
Date: June 28, 2019

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

Padmaja Gangireddy
Managing Director
DIN: 00004842

Kartikeya Dhruv Kaji
Director
DIN: 07641723

Sudhesh Chandrasekar
Chief Financial Officer

Rakesh Jhinjharia
Company Secretary
Membership No. F8325

Place: Mumbai
Date: June 28, 2019

Spandana Sphoorty Financial Limited
Annexure 5: Restated Standalone Summary Statement of Material adjustments

(Rupees in millions unless otherwise stated)

A. Summary of restatements made in the audited financial statements for the respective years and its impact on the profits of the Company is as follows:

Particulars	For the year ended		
	31-Mar-19	31-Mar-18	31-Mar-17 (Proforma)
Net Profit as per Audited Financial Statements	**3,533.59**	**1,718.52**	**529.49**
Adjustments for restatement (decrease) / increase in profits			
Effect of Ind AS adjustments (refer annexure 39.7)	-	160.91	3,903.07
Net profit for the year ended as restated	**3,533.59**	**1,879.43**	**4,432.56**

B. Non adjusting items:

i) Other audit qualifications included in the Annexures to the auditors' reports issued under the Companies (Auditor's Report) Order, 2016 (as amended), respectively on the financial statements for the years ended March 31, 2019, 2018 and 2017, which do not require any corrective adjustment in the Restated Standalone Summary Statements, are as follows:

For the year ended March 31, 2019:

Clause (vii) (a):

Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and services tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

Clause (vii) (b):

According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute *	Amount paid**	Period to which its relates	Forum where dispute is pending
Chapter V of the Finance Act, 1994	Service Tax	56.85	9.93	Financial year from 2006-07 to 2014-15	Customs, Excise & Service Tax Appellate Tribunal

*Excluding interest and penalty as applicable

**Paid under protest

For the year ended March 31, 2018:

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income tax, service tax, sales tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Nature of the Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates
The Gujarat, Panchayats, Municipalities, Municipal Corporations and State Tax on Professions, Traders, Callings and Employments Act, 1976	Professional tax	7,810*	Oct 2016 to July 2017
The Kerala Panchayat Raj Act, 1994	Professional Tax	1,250	April 2017 to September 2017

* Discharged subsequently on April 25, 2018

Clause (vii) (b)

According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute*	Amount paid**	Period to which its relates	Forum where dispute is pending
Chapter V of the Finance Act, 1994	Service Tax	56.85	9.93	Financial year from 2006-07 to 2014-15	Customs, Excise & Service Tax Appellate Tribunal

* Excluding interest and penalty, as applicable

** Paid under protest

Clause (viii)

According to the information and explanations given by the management, the Company has delayed in repayment of loans or borrowings to a financial institution by 4 days and to a bank by 8 days during the year aggregating Rs.68.68 millions which were discharged by the Company before March 31, 2018 and accordingly no dues are outstanding as at reporting date. The Company has not defaulted in repayment of dues to debenture holders. The Company did not have loans or borrowings from the government during the year.

For the year ended March 31, 2017 (Proforma):

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

Clause (vii) (b)

According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute*	Amount paid**	Period to which its relates	Forum where dispute is pending
Chapter v of the Finance Act, 1994	Service Tax	57.13	9.93	Financial year from 2006-07 to 2014-15	Customs, Excise & Service Tax Appellate Tribunal ('CESTAT')

* Excluding interest and penalty, as applicable

** Paid under protest

Clasue (viii)

According to the information and explanations given by the management, the Company has delayed in repayment of loans or borrowings to financial institutions and banks during the year aggregating Rs.6,832.12 millions which were discharged by the Company before March 31, 2017 and accordingly, no dues are outstanding as at the reporting date. The Company did not have any loans or borrowings from the government or dues to debenture holders during the year.

ii) Further auditors report include the following matters which do not require any adjustment in these restated standalone summary statements

For the year ended March 31, 2019

Auditors report include Emphasis of Matter paragraph which do not require any adjustment in the restated standalone summary statements

Emphasis of Matter:

We draw attention to Note 33 (b) of the Standalone Ind AS financial statements, which describes an uncertainty arising from an observation made by the Reserve Bank of India (RBI) with regards to adherence to the pricing guidelines issued under RBI Master Directions DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, as amended ("Master Directions") and management's response thereto supported by external legal advice confirming compliance with the Master Directions. Pending outcome of the management's response to the RBI, no provision has been made in these Standalone Ind AS financial statements.

Our opinion is not modified in respect of this matter.

For the year ended March 31, 2017 (Proforma)

Further auditors report pursuant to rule 11(d) of Companies (Audit and Auditors) Amendment Rules, 2017 on the financial statements for the year ended March 31, 2017 included in the following comments, which do not require any corrective adjustment in Restated Standalone Summary statement:

Paragraph 2(g)(iv) of Report on other legal and regulatory requirements

The Company has provided the disclosures in Note 4.31 to the financial statements as to the holding of Specified Bank Notes ('SBNs') on November 8, 2016 and December 30, 2016 as well as dealings in SBNs during the period from November 9, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including those in SBNs, we report that these disclosures are in accordance with the books of account maintained by the Company and as produced before us for verification. However, as stated in Note 4.31 (b) to the financial statements and as represented to us by the management, the Company has received an amount aggregating Rs.564.10 millions from transactions which were not permitted.

C. Appropriate adjustments have been made in the Restated Standalone Summary Statements of Assets and Liabilities, Profits and Losses, Cash Flows and Statement of Changes in Equity in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended), by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Company as at and for the year ended March 31, 2019, prepared in accordance with Schedule III of the Companies Act 2013.

1. Corporate information

Spandana Sphoorty Financial Limited ('SSFL' or the 'Company') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on March 10, 2003.The Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and got classified as Non-Banking Financial Company – Micro Financial Institution (NBFC – MFI) effective April 13, 2015.

The Company is primarily engaged in the business of micro finance providing small value unsecured loans to low-income customers in semi-urban and rural areas. The tenure of these loans is generally spread over one to two years.

2. Regulatory and Company updates

A. Background:

1. The Government of Andhra Pradesh promulgated "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Ordinance 2010" on October 15, 2010, subsequently enacted the same as "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Act, 2011 (Act 1 of 2011)" on December 31, 2010 and notified by Gazette on January 1, 2011 ('AP MFI Act'). In compliance with the said Ordinance/Act, the frequency of the JLG loan repayments in the state of Andhra Pradesh changed from a 'weekly' to a 'monthly' basis.

2. These directions significantly affected the recoveries for all MFIs in the then state of Andhra Pradesh, including the Company, which had a serious impact of the Company's ability to continue its operations in the state. Though the AP MFI Act did not directly affect the operations in other states, the additional funding from banks and financial institutions was severely restricted. As a result, the Company incurred substantial losses in the previous financial years and faced liquidity constraints for servicing its loan borrowings.

3. Therefore, the Company entered into a Master Restructuring Agreement (MRA) under the Corporate Debt Restructuring (CDR) arrangement with its lenders on September 24, 2011.

4. Further, due to the losses incurred in earlier years, the Company was unable to maintain the minimum amount of net owned funds, as defined under section 45-IA of the Reserve Bank of India Act, 1934('NOF'), to carry on business of a non-banking financial institution ('NBFI'). Also, the Capital to Risk Assets Ratio ('CRAR') reduced below the minimum percentage prescribed by the RBI.

5. In view of the challenges being faced by the Company, the RBI had given an exemption to the Company for not maintaining minimum NOF and a regulatory forbearance for not maintaining minimum CRAR for a period of two years till March 31, 2016 which was subsequently extended till March 31, 2017 vide RBI letter dated November 30, 2016.

6. Pursuant to a notification DNBS.CC.PD.No.250/03.10.01/2011-12 dated December 2, 2011, the RBI issued the Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) Directions ('the NBFC-MFI Directions'), wherein a new category of NBFC viz. NBFC-MFI was created. These directions, in addition to defining an NBFC- MFI, provided the regulatory framework and the prudential norms for NBFC-MFIs. Further, it required the existing NBFCs engaged in micro finance activities to apply for a change of classification and seek a fresh registration. Accordingly, the Company had, on June 18, 2012, submitted the application to the RBI for change in classification to NBFC-MFI. As at March 31, 2014, the response from the RBI was awaited for the classification of the Company as NBFC-MFI.

   Subsequently, RBI issued certain modifications to the NBFC-MFI Directions on August 3, 2012. The modifications clarified that provisioning made towards portfolio in the state of Andhra Pradesh should be in accordance with extant 'Non-banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007' as amended from time to time ('the NBFC Prudential Norms') and such provision should be added back notionally to the net owned funds for the purpose of calculation of the CRAR and would be progressively reduced by 20% each year, over 5 years i.e. from March 31, 2013 to March 31, 2017.

B. Company's updates

I. In financial year 2015-16, in order to comply with the NOF and CRAR requirements by March 31, 2016, the Company proposed a plan to the CDR – Empowered group ('CDR – EG') and lenders for pre-closure of its debt and exit from CDR. The said proposal, salient features of which are as given below, was approved by the CDR –EG vide sanction letter dated February 25, 2016:

A. The Company would identify and engage with a bank ('the investor') willing to purchase the standard/performing loan portfolio of the Company in the state of Andhra Pradesh and Telangana, through a direct assignment transaction.

B. The investor would also provide a term loan equivalent of the amount of standard loan portfolio not eligible for direct assignment under 'minimum holding criteria'.

C. Utilization of proceeds from direct assignment and term loan, the Company would pre-close the outstanding debt (comprising restructured term loans and priority debt) and settle all overdues (including interest and other charges) accrued upto repayment date.

D. The investor would acquire all outstanding Optionally Convertible Cumulative Redeemable Preference Shares ('OCCRPS') from the existing OCCRPS at an agreed discount to face value. The OCCRPS holders would waive the accrued redemption premium with no further premium payable post March 31, 2016.

E. Thereafter the Company was to file a scheme of capital reduction under the relevant provisions of the Companies Act whereby the face value of the OCCRPS shall stand reduced with a corresponding credit to the capital reduction account such that it supports in complying with minimum NOF and CRAR criteria, subject to stipulations of the scheme.

Although, the above proposal had received the consent of the CDR–EG as at March 31, 2016, the transaction was expected to be accomplished in the period subsequent to balance sheet date. Since the forbearance granted by RBI for non-maintenance of minimum NOF and CRAR was valid till March 31, 2016, the Company has sought and obtained an extension of the regulatory forbearance for a further period of six months up to September 30, 2016 from the RBI vide its letter dated June 2, 2016. However, the abovementioned transaction could not materialize due to external factors.

II. Thereafter, in financial year 2016-17, in order to comply with the NOF and CRAR, the Company submitted another settlement proposal to the CDR – Empowered Group ('CDR-EG') and the lenders for pre-closure of its debt and exit from CDR. Pursuant to an in-principle approval granted by the CDR-EG and the lenders to the proposal, the Company entered into a settlement agreement with all its lenders dated March 21, 2017 (the 'Agreement'), the salient features of which are as given below:

A. The Company to settle its dues in respect of the restructured term loans, priority debt and corporate guarantees (issued pursuant to portfolio assignment transactions) in accordance with the terms of the Agreement.

B. The Company to pay an additional fee of 1% on OCCRPS outstanding to the existing OCCRPS holders.

C. A new investor to purchase the outstanding Optionally Convertible Cumulative Redeemable Preference Shares ('OCCRPS') from the existing OCCRPS holders at an agreed discount to the face value after converting them into compulsorily convertible preference shares ('CCPS').

D. The new investor to also infuse additional capital in the Company by way of subscription to its equity shares and CCPS.

Thereupon, the CDR-EG in its meeting held on March 29, 2017 approved the Company's exit from CDR mechanism on fulfillment of conditions stipulated in the minutes of CDR-EG which *inter alia* included discharging of all liabilities as per the Agreement and ensuring the settlement of the OCCRPS by the new investor as envisaged in the Agreement. Since, the Company was able to fulfill all conditions stipulated in the Agreement and the CDR-EG minutes prior to March 31, 2017, it exited from CDR as at March 31, 2017.

With the conversion of existing OCCRPS into CCPS and issuance of fresh equity shares and CCPS to the new investor, as mentioned above, the Company was thereby able to comply with the regulatory requirements of NOF and CRAR as at March 31, 2017.

3. Basis of preparation

The Restated Standalone Summary Statement of Assets and Liabilities of the Company as at March 31, 2019, March 31, 2018 and March 31, 2017 (Proforma), the related Restated Standalone Summary Statement of Profit and Loss (including other comprehensive income), Restated Standalone Summary Statement of Cash Flows and Restated Standalone Summary Statement of Changes in Equity for each of the years ended March 31, 2019, March 31, 2018 and March 31, 2017 (Proforma) (hereinafter, collectively referred to as "Restated Standalone Ind AS Summary Statements") have been prepared specifically for inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ("SEBI"), the stock exchanges and the Registrar of Companies in connection with its proposed initial public offering ("IPO") of its equity shares.

In accordance with the roadmap for implementation of Indian Accounting Standards ("Ind AS") for non-banking financial companies, as announced by the Ministry of Corporate Affairs, the Company adopted Ind AS from April 1, 2018 with an effective date of April 1, 2017 for such transition. For periods up to and including the year ended March 31, 2018, the Company had prepared and presented its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "previous GAAP"). Accordingly, the standalone financial statements for the year ended March 31, 2019 were prepared by the Company to comply, in all material respects, with Ind AS and the standalone financial statements for the years ended March 31, 2018 and March 31, 2017 were prepared by the Company to comply, in all material respects, with Indian GAAP.

Pursuant to the requirements of the Circular No. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 (the "SEBI Circular") issued by the Securities and Exchange Board of India ("SEBI"), the Company is required to present the restated financial information as follows:

a. for the years ended March 31, 2019 and March 31, 2018 under Ind AS;
b. for the year ended March 31, 2017 under Proforma Ind AS; and
c. for the years ended March 31, 2015 and March 31, 2016 under Indian GAAP.

(the restated financial information required to be presented under Indian GAAP has been prepared in a separate set of restated standalone Indian GAAP summary statements)

Accordingly, the Restated Standalone Ind AS Summary Statements of the Company have been prepared under Ind AS using the historical audited general purpose standalone financial statements of the Company as at and for the years ended March 31, 2019, March 31, 2018 and March 31, 2017 which were originally approved by the Board of Directors of the Company at that relevant time. The figures for the previous periods and for the year ended March 31, 2018 have been restated, regrouped and reclassified, wherever required to comply with Ind-AS and Schedule III to the Companies Act, 2013 to make them comparable.

The restated financial information as at and for the year ended March 31, 2017 has been prepared on Proforma Ind AS basis as explained in the Guidance Note on Reports in Company Prospectuses (Revised 2016), issued by the Institute of Chartered Accountants of India (the "Guidance Note"). The Proforma Ind AS financial information of the Company as at and for the year ended March 31, 2017, is prepared in accordance with requirements of SEBI Circular and based on the guidance provided in the Guidance Note. For the purpose of such Proforma Ind AS financial information the Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on transition date i.e. April 1, 2017 and has accordingly made suitable restatement adjustments (both re-measurements and reclassifications) in the respective accounting heads.

These Restated Standalone Ind AS Summary Statements have been prepared using presentation and disclosure requirements of the Schedule III of the Companies Act, 2013, as amended. The accounting policies used in preparation of these Restated Standalone Ind AS Summary Statements have been consistently applied by the Company and are consistent with those adopted in the preparation of standalone financial statements for the year ended March 31, 2019. These summary statements have been prepared on a historical cost convention, except for certain financial assets and liabilities those have been measured at fair value (refer accounting policy regarding financial instruments).

The Restated Standalone Ind AS Summary Statements have been prepared by the Company to comply in all material respects with the requirements of Section 26 of Chapter III of the Companies Act, 2013, as amended read with the Securities and Exchange Board of India Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI ICDR Regulations") as amended.

4. Going concern assumption

a. The Company had incurred substantial losses during the year(s) prior to financial year 2013-14, as a result of which, its NOF as at March 31, 2014, 2015 and 2016 was lower than the minimum amount prescribed by the RBI to carry on the business of a NBFC - MFI. Also, the CRAR of the Company as at March 31, 2014, 2015 and 2016 was lower than the minimum percentage prescribed by the RBI. The losses incurred were mainly attributable to the provisioning for the loan portfolio outstanding in the then state of Andhra Pradesh.

   In view of the challenges being faced by the Company in maintaining the minimum NOF and CRAR as stipulated by RBI, the Company vide letter dated March 18, 2014 requested the RBI to provide an exemption from complying with the minimum NOF criteria and also for regulatory forbearance for not maintaining minimum CRAR.

   In response of the Company's request, the RBI vide its letter dated April 16, 2014 provided an exemption from maintaining minimum CRAR and NOF for a period of two years till March 31, 2016, subject to the Company bringing in fresh capital of Rs.50million upfront. The Company therefore issued and allotted 1,000,000 equity shares of face value of Rs.10 each at a premium of Rs.40 per share to its existing shareholders on May 16, 2014 and was able to secure the regulatory forbearance on NOF and CRAR up to March 31, 2016.

b. Further, with the implementation of the debt restructuring package with the lenders in FY 2011-12 and the additional loan facilities aggregating Rs.11,502.5 million sanctioned by the CDR lenders in FY 2013-14, the Company had enhanced availability of resources to sustain operations for atleast 12 months from each of the reporting dates viz. March 31, 2014 and March 31, 2015.

c. In view of the grant of regulatory forbearance by RBI and sanction of fresh line of credit by the CDR lenders, as described above, the financial statements for the year ended March 31, 2014 and March 31, 2015 were prepared on a going concern basis.

d. For the year ended March 31, 2016, the financial statements were prepared on a going concern basis in view of the proposal made by the Company for pre-closure of its debt and the resultant exit from CDR (described in paragraph 2(B)(I) above) which was approved by the CDR-EG before March 31, 2016. This basis of preparation was further supported by the extension of regulatory forbearance on NOF and CRAR till September 30, 2016 and the proposed transaction was expected to materialize within such time.

e. As mentioned in paragraph 2(B)(II) the Company was able to fulfill all the conditions as stipulated in the Agreement and the CDR-EG minutes prior to March 31, 2017, it stands exited from CDR as at

March 31, 2017. As a result, the financial statements of the Company for FY 2016-17 were prepared in accordance with the fundamental accounting assumption of going concern.

5. Significant accounting policies

a) Use of estimates, judgments and assumptions

The preparation of Restated Standalone Summary Statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) 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.

ii) Fair value measurement:
When the fair values of financial assets and financial liabilities recorded in the Restated Standalone Summary Statements of Assets and Liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(iii) Impairment of loan portfolio
Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Company makes judgments about the borrower’s financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, and resulting in future changes to the impairment allowance.

(iv) Provisions other than impairment on loan portfolio
Provisions are held in respect of a range of future obligations such as employee entitlements and litigation provisions. 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.

(v) Other estimates:
These include contingent liabilities, useful lives of tangible and intangible assets etc.

b) 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.

<u>(i) Interest income and expense:</u>
Interest revenue is recognized using the effective interest 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 effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates 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 on a gross basis.

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.

<u>(ii) Dividend income:</u>
Dividend income is recognized when the Company's right to receive the payment is established, which is generally when the shareholders approve the dividend.

<u>(iii) Other income and expense</u>
All Other income and expense are recognized in the period they occur.

c) Property, plant and equipment(PPE) and intangible asset

Property, plant and equipment (PPE)
PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Intangible Asset
Intangible assets represent software expenditure which is stated at cost less accumulated amortization and any accumulated impairment losses.

d) Depreciation and amortization
Depreciation
i. Depreciation on property, plant and equipment provided on a written down value method at the rates 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.

(Rupees in millions unless otherwise stated)

ii. Property, plant and equipment costing up to Rs.5, 000 individually are fully depreciated in the year of purchase.

The Company has used the following useful lives to provide depreciation on its Property, plant and equipment:-

Asset Category	Useful Life (in years)
Furniture & Fixtures	10
Computers & Printers	3
Office Equipment	5
Leasehold Improvements	3
Vehicles	8
Land & Buildings	60

Amortization
Intangible assets are amortized at a rate of 40% per annum on a "Written Down Value" method, from the date that they are available for use.

e) Impairment

i) Overview of principles for measuring expected credit loss ('ECL') on financial assets.

In accordance with Ind AS 109, the Company is required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. Accordingly, the Company is required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, the Company is required to recognize credit losses over next 12 month period. The Company has an option to determine such losses on individual basis or collectively depending upon the nature of underlying portfolio. The Company has a process to assess credit risk of all exposures at each year end as follows:

Stage I
These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. The Company has assessed that all standard exposures (i.e. exposures with no overdues) and exposure upto 30 day overdues fall under this category. In accordance with Ind AS 109, the Company measures ECL on such assets over next 12 months.

Stage II
Financial instruments 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 measures lifetime ECL on stage II loans.

Stage III
All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, the Company measures lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount.

Methodology for calculating ECL
The Company determines ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. The Company does not discount such shortfalls considering relatively shorter tenure of loan contracts.

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.

Exposure at default (EAD) – It represents an estimate of the exposure of the Company at a future date after considering repayments by the counterparty before the default event occurs.

Loss given default (LGD) – It represents an estimate of the loss expected to be incurred when the event of default occurs.

Forward looking information
While estimating the expected credit losses, 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, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on 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.

Write-offs
Loans are written off (either partially or in full) when there is no realistic prospect of 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 subjected to write-off's. All such write-off is charged to the Profit and Loss Statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

ii) Non financial assets
The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Operating Lease
Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. The Company has ascertained that the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and therefore, the lease payments are recognized as per terms of the lease agreement in the statement of Profit and Loss.

g) Foreign currency transactions

- **Functional and presentation currency**
  The Restated Standalone Summary Statements are presented in Indian Rupees (INR), which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

- **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. 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. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

h) Retirement and Employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as an expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

The Company operates following employee benefit plans:

i) Employee Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service.

ii) Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

iii) Leaves

The service rules of the Company do not provide for the carry forward of the accumulated leave balance and leaves to credit of employees are encashed periodically at average gross salary.

iv) Employee Stock Option Plan

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments in form of employee stock options, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black Scholes valuation model. That cost is recognized in employee benefits expense, together with a corresponding increase in Stock Option Outstanding reserves in other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit 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 and non-market performance conditions are not taken into account when determining the grant datefair 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. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

i) Income taxes

Current Taxes
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with The Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred Taxes
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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 only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. The Company also recognizes the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company’s intention to settle on a net basis.

Minimum Alternate Tax (MAT)
Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognized for MAT credit available only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

j) Earnings per share (EPS)
The Company reports basic and diluted earnings per share in accordance with Ind AS33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

k) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognized within finance costs.

l) Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

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. The Company does not have any contingent assets in the financial statements.

m) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the Entity becomes a party to the contractual provisions of the instruments.

Financial Assets - All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

<u>Subsequent measurement</u>

For the purpose of subsequent measurement, financial assets are classified in three categories:

- Loan Portfolio at amortized cost
- Loan Portfolio at fair value through other comprehensive income (FVOCI)
- Investment in equity instruments and mutual funds at fair value through profit or loss
- Other financial assets at amortized cost

Loan Portfolio at amortized cost:

Loan Portfolio is measured at amortized cost where:

- contractual terms that give rise to cash flows on specified dates, that represent **solely payments of principal and interest (SPPI)** on the principal amount outstanding; and
- are held within a **business model** whose objective is achieved by holding to collect contractual cash flows.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, where the Company's objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where the Company's objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL.

SPPI: 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 solely payments of principal and interest (the 'SPPI test'). 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, these financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized 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 finance income in the profit or loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note: Impairment of financial assets (refer note 3(e)).

Effective interest method - The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The amortized cost of the financial asset is adjusted if the Company revises its estimates of payments or receipts. The adjusted amortized cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognized on an effective interest basis for loan portfolio other than those financial assets classified as at FVTPL

Equity instruments and Mutual Funds
Equity instruments and mutual funds included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss Statement.

Financial liabilities

Initial Measurement
Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement
Financial liabilities are subsequently carried at amortized cost using the effective interest method.

De-recognition
The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized from the balance sheet when the Company has discharged its obligation or the contract is cancelled or expires.

n) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The Company's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements.

The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

- *Level 1 financial instruments* - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- *Level 2 financial instruments* - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

- *Level 3 financial instruments* − include 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.

o) Cash and cash equivalents

Cash and cash equivalents 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.

p) 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.

q) Convertible Preference Shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the convertible preference shares, 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 re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

Annexure 7: Restated Standalone Summary Statement of Cash and Cash Equivalents

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Cash on hand	7.78	3.70	6.63
Balances with banks			
On current accounts	1,375.20	871.29	2,894.54
Deposit with original maturity of less than three months	71.09	150.08	-
	1,454.07	**1,025.07**	**2,901.17**

Annexure 8: Restated Standalone Summary Statement of Bank balance other than cash and cash equivalents

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Deposit with remaining maturity of less than 12 months	85.22	21.67	-
Deposit with remaining maturity of more than 12 months	-	0.13	-
Margin money deposit*	1,942.87	1,010.67	23.08
	2,028.09	**1,032.47**	**23.08**

*Represent margin money deposits placed to avail term loans from banks and placed as cash collateral in connection with securitization transactions.

Annexure 9: Restated Standalone Summary Statement of Trade Receivables

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Outstanding for a period less than six months from the date they are due for payment			
Unsecured, considered good	35.49	25.54	14.64
	35.49	**25.54**	**14.64**

Annexure 10: Restated Standalone Summary Statement of Loan Portfolio

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
	At fair value through OCI	**At amortised cost**	**At amortised cost**
Secured (by tangible assets), considered good*	629.23	245.92	239.95
Less: Impairment loss allowance	-	-	-
Unsecured, considered good*	41,272.82	30,701.51	11,882.85
Less: Impairment loss allowance	(253.60)	(109.07)	(220.17)
Considered doubtful**	3,627.81	8,653.53	8,868.10
Less: Impairment loss allowance	(3,622.37)	(8,595.63)	(8,825.24)
Total	**41,653.89**	**30,896.26**	**11,945.49**
Above amount includes			
Loans provided in India	41,653.89	30,896.26	11,945.49
Loans provided outside India	-	-	-
	41,653.89	**30,896.26**	**11,945.49**

* Represents assets classified under stage I and stage II in accordance with Company's asset classification policy (refer annexure 6)

** Represents assets classified under stage III in accordance with Company's asset classification policy (refer annexure 6)

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.

On October 15, 2010, the then Government of Andhra Pradesh promulgated "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Ordinance 2010" which was subsequently enacted as "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Act, 2011" ('AP MFI Act'). The AP MFI Act, inter alia, imposed several restrictions on the operations of the MFIs operating in the then state of Andhra Pradesh, including a change in repayment frequency for loan repayments from a 'weekly' to a 'monthly' basis.

As a result recoveries from the loan portfolio in the states of Andhra Pradesh and Telangana were adversely affected resulting in significant defaults. Such portfolio is hereinafter referred as the ‘old AP portfolio’. Accordingly, all such loans have been categorized under Stage III considering significant uncertainty with respect to their recoveries. All other exposures have been referred as ‘new portfolio’.

The table below discloses credit quality of the Company’s exposures (net of impairment allowance) as at reporting date:

Portfolio classification as at March 31, 2019

Particulars	Stage I	Stage II	Stage III	Total
Considered good				
New portfolio	41,583.21	65.24	-	41,648.45
Considered doubtful				
New portfolio	-	-	5.44	5.44
Old AP portfolio*	-	-	-	-
Total	**41,583.21**	**65.24**	**5.44**	**41,653.89**

*Old AP portfolio is fully provided for, hence net exposure is Nil.

Portfolio classification as at March 31, 2018

Particulars	Stage I	Stage II	Stage III	Total
Considered good				
New portfolio	30,835.62	2.51	-	30,838.13
Considered doubtful				
New portfolio	-	-	58.13	58.13
Old AP portfolio*	-	-	-	-
Total	**30,835.62**	**2.51**	**58.13**	**30,896.26**

*Old AP portfolio is fully provided for, hence net exposure is Nil.

Portfolio classification as at March 31, 2017 (Proforma)

Particulars	Stage I	Stage II	Stage III	Total
Considered good				
New portfolio	11,736.43	166.24	-	11,902.67
Considered doubtful				
New portfolio	-	-	42.82	42.82
Old AP portfolio*	-	-	-	-
Total	**11,736.43**	**166.24**	**42.82**	**11,945.49**

*Old AP portfolio is fully provided for, hence net exposure is Nil.

Gross portfolio movement for the year ended March 31, 2019

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2018				
New portfolio	30,940.84	6.59	720.43	31,667.86
Old AP portfolio	-	-	7,933.10	7,933.10
Total (A)	30,940.84	6.59	8,653.53	39,600.96
Interstage movements				
New portfolio				
Stage I	0.01	(0.01)	-	-
Stage II	(150.17)	150.17	-	-
Stage III	(43.39)	(1.27)	44.66	-
Old AP portfolio	-	-	-	-
Total (B)	(193.55)	148.89	44.66	-
Write offs**				
New portfolio	-	(60.77)	(836.40)	(897.17)
Old AP portfolio	-	-	(4,320.57)	(4,320.57)
Total (C)	-	(60.77)	(5,156.97)	(5,217.74)
New assets originated, repaid and derecognised during the year				
New portfolio	10,315.79	55.46	114.43	10,485.68
Old AP portfolio	-	-	(27.83)	(27.83)
Total (D)	10,315.79	55.46	86.59	10,457.84
Fair Value on loan portfolio	688.80	-	-	688.80
Gross carrying amount as at March 31, 2019				
New portfolio	41,751.88	150.17	43.11	41,945.16
Old AP portfolio	-	-	3,584.70	3,584.70
Total (A+B+C+D+E)	**41,751.88**	**150.17**	**3,627.81**	**45,529.86**

** The contractual amount of loans written-off during the period are not subject to enforcement activity / legal proceedings.

Notes:

1. In the course of its review of the risk management strategy during September 2018, the Company has decided to implement a regular programme of asset sale for certain portfolio. Accordingly, the Company has changed its business model from Hold to Collect (amortized cost) to collect both the contractual cash flows and cash flows arising from the sale of assets from September 30, 2018 (FVOCI). Therefore, the Company w.e.f. from October 1, 2018 has measured the portfolio at Fair Value Through Other Comprehensive Income. The gross amount of such portfolio as at October 1, 2018 was Rs.45,603.31 million. The changes in fair value resulting from such change in the business model as at 1st October 2018 amounts to Rs.711.76 million and the changes in fair value from 1st October 2018 to 31st March 2019 amounts to Rs. (22.96) million.

2. Total ECL provision recorded as at Mar-19 through Other Comprehensive Income within the fair value change amounted to Rs.3,875.96 million. Impairment charge reclassified from OCI to profit and loss amounts to Rs. 304.88 million during the year after effecting such change

Gross portfolio movement for the year ended March 31, 2018

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2017 (Proforma)				
New portfolio	11,764.05	358.75	892.56	13,015.36
Old AP portfolio	-	-	7,975.54	7,975.54
Total (A)	11,764.05	358.75	8,868.10	20,990.90
Interstage movements				
New portfolio				
Stage I	0.95	(0.85)	(0.10)	-
Stage II	(1.18)	1.24	(0.06)	-
Stage III	(48.29)	(118.21)	166.50	-
Old AP portfolio	-	-	-	
Total (B)	(48.52)	(117.82)	166.34	-
Write offs **				
New portfolio	-	-	-	-
Old AP portfolio	-	-	-	-
Total (C)	-	-	-	-
New assets originated, repaid and derecognised during the year				
New portfolio	19,225.31	(234.34)	(338.47)	18,652.50
Old AP portfolio	-	-	(42.43)	(42.43)
Total (D)	19,225.31	(234.34)	(380.90)	18,610.07
Gross carrying amount as at March 31, 2018				
New portfolio	30,940.84	6.59	720.43	31,667.86
Old AP portfolio	-	-	7,933.10	7,933.10
Total (A+B+C+D)	**30,940.84**	**6.59**	**8,653.53**	**39,600.96**

** The contractual amount of loans written-off during the period are not subject to enforcement activity / legal proceedings.

Gross portfolio movement for the year ended March 31, 2017 (Proforma)

Particulars	Stage I	Stage II	Stage III	Total
Gross carrying amount as at April 1, 2016				
New portfolio	12,151.18	10.61	27.46	12,189.25
Old AP portfolio	-	-	7,992.89	7,992.89
Total	12,151.18	10.61	8,020.35	20,182.14
Interstage movements				
New portfolio				
Stage I	0.25	(0.04)	(0.21)	-
Stage II	(350.42)	350.43	(0.01)	-
Stage III	(841.60)	(0.61)	842.21	-
Old AP portfolio	-	-	-	
Total	(1,191.77)	349.78	841.99	-
Write offs **				
New portfolio	(0.01)	(0.06)	(21.33)	(21.40)
Old AP portfolio	-	-	-	-
Total	(0.01)	(0.06)	(21.33)	(21.40)
New assets originated, repaid and derecognised during the year				
New portfolio	804.66	(1.59)	44.45	847.52
Old AP portfolio	-	-	(17.35)	(17.35)
Total	804.66	(1.59)	27.10	830.17
Gross carrying amount as at March 31, 2017				
New portfolio	11,764.06	358.74	892.56	13,015.36
Old AP portfolio	-	-	7,975.54	7,975.54
Total	**11,764.06**	**358.74**	**8,868.10**	**20,990.90**

** The contractual amount of loans written-off during the period are not subject to enforcement activity / legal proceedings.

ECL movement during the year ended March 31, 2019:-

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance	105.09	3.98	8,595.63	8,704.70
Provision made/ (reversed) during the year	63.59	116.21	(245.55)	(65.75)
Write off	-	(35.27)	(4,727.71)	(4,762.98)
Closing Balance	168.68	84.92	3,622.37	3,875.97

Note :-

a) ECL for Stage I has increased primarily on account of new assets originated during the year.

b) ECL for stage II has increased primarily on account of new assets originated during the year.

c) ECL for stage III has declined primarily on account of write off and recoveries/collections made by the Company during the year.

ECL movement during the year ended March 31, 2018:-

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance (Proforma)	27.67	192.50	8,825.24	9,045.41
Provision made/ (reversed) during the year	77.42	(188.52)	(229.61)	(340.71)
Write off	-	-	-	-
Closing Balance	105.09	3.98	8,595.63	8,704.70

Note :-

a) ECL for Stage I has increased primarily on account of new assets originated during the year.

b) ECL for stage II has declined on account of transfers to Stage III during the year.

c) ECL for stage III has declined on account of recoveries/collections made by the Company during the year.

ECL movement during the year ended March 31, 2017 (Proforma):-

Particulars	Stage I	Stage II	Stage III	Total
Opening Balance	19.92	6.33	8,016.98	8,043.23
Provision made/ (reversed) during the year	7.75	186.21	827.49	1,021.45
Write off	-	(0.04)	(19.23)	(19.27)
Closing Balance	27.67	192.50	8,825.24	9,045.41

Note :-

a) ECL for Stage I has increased primarily on account of new assets originated during the year.

b) ECL for stage II has increased primarily on account of new assets originated during the year.

c) ECL for stage III has increased primarily on account of transfers to stage III from stage I.

Annexure 11: Restated Standalone Summary Statement of Investments

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Investment in subsidiary (at cost)			
2,000,000 (March 31, 2018: 2,000,000, March 31, 2017: Nil) equity shares of Rs.10 each fully paid up in Caspian Financial Services Limited	20.00	20.00	-
4,727,352 (March 31, 2018: Nil, March 31, 2017: Nil) equity shares of Rs.10 each fully paid up in Criss Financial Holdings Limited	625.35	-	-
Others (at fair value through profit and loss)			
100,000 (March 31, 2018: 100,000, March 31, 2017: 100,000) equity shares of Rs.10 each fully paid up in Alpha Micro Finance Consultants Private Limited	1.00	1.00	1.00
	646.35	**21.00**	**1.00**
Less: Allowance for impairment loss	-	-	-
Total	**646.35**	**21.00**	**1.00**
Above amount includes			
Investment in India	646.35	21.00	1.00
Investment Outside India	-	-	-
Total	**646.35**	**21.00**	**1.00**

Annexure 12: Restated Standalone Summary Statement of Other Financial Assets (at amortised cost)

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
A. Security deposits			
Unsecured, considered good	21.19	17.98	15.89
(A)	**21.19**	**17.98**	**15.89**
B.Loans and advances to related parties			
Inter corporate advances	670.52	543.14	-
(B)	**670.52**	**543.14**	**-**
C. Other Assets			
Amount receivable from banks and non banking financial companies	0.38	-	0.54
Term deposits placed with non banking financial companies#	65.83	90.62	-
Retained interest on asset assigned	91.93	-	-
Other assets	11.50	7.85	1.00
(C)	**169.64**	**98.47**	**1.54**
Total (A+B+C)	**861.35**	**659.59**	**17.43**

Represent margin money deposits placed to avail term loans from non banking financial companies.

Annexure 13: Restated Standalone Summary Statement of Current Tax Assets (net)

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Advance income tax (net of provision)	83.37	41.86	46.63
	83.37	**41.86**	**46.63**

Annexure 14: Restated Standalone Summary Statement of Deferred Tax Assets (net)

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Effects of deferred tax assets/ liabilities :			
Deferred Tax Assets			
Impairment on financial instruments	1,401.69	2,984.50	3,117.20
Unabsorbed carry forward Loss	-	-	859.40
Provisions allowable on payment basis	49.40	46.42	43.02
Differences of written down value of Property, plant and equipment	46.02	38.21	30.91
MAT credit entitlement	774.35	763.71	218.27
Others	40.85	86.10	-
	2,312.31	**3,918.94**	**4,268.80**
Deferred Tax Liabilities			
Others	313.95	78.10	53.84
	313.95	**78.10**	**53.84**
Net deferred tax assets/(liabilities)	**1,998.36**	**3,840.84**	**4,214.96**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

Spandana Sphoorty Financial Limited

Annexure 15: Restated Standalone Summary Statement of Property, Plant and Equipment

(Rupees in millions unless otherwise stated)

Particulars	Land & Building*	Leasehold improvements	Furniture & Fixtures	Office Equipment	Vehicles	Computers	Total
Gross block (at cost)							
At April 1, 2016 (Proforma)	**-**	**92.20**	**40.62**	**10.63**	**2.93**	**98.30**	**244.68**
Addition	-	3.20	5.75	0.97	1.23	2.83	13.98
Disposals	-	-	0.14	1.07	-	0.26	1.47
At March 31, 2017 (Proforma)	**-**	**95.40**	**46.23**	**10.53**	**4.16**	**100.87**	**257.19**
Addition	2.01	-	8.86	4.67	-	19.33	34.88
Disposals	-	-	0.10	0.02	0.64	0.25	1.02
At March 31, 2018	**2.01**	**95.40**	**54.99**	**15.18**	**3.52**	**119.95**	**291.05**
Addition	-	-	14.33	13.61	2.07	40.32	70.33
Disposals	-	-	0.23	0.06	-	1.31	1.60
At March 31, 2019	**2.01**	**95.40**	**69.09**	**28.73**	**5.59**	**158.96**	**359.78**
Depreciation							
At April 1, 2016 (Proforma)	**-**	**11.31**	**17.91**	**9.44**	**2.69**	**81.55**	**122.91**
Addition	-	51.46	8.64	0.87	0.46	8.07	69.50
Disposals	-	-	0.14	1.04	-	0.26	1.44
At March 31, 2017 (Proforma)	**-**	**62.77**	**26.41**	**9.27**	**3.15**	**89.36**	**190.97**
Charge for the year	0.05	20.61	10.59	1.34	0.31	9.60	42.51
Disposals	-	-	0.09	0.02	0.59	0.24	0.94
At March 31, 2018	**0.05**	**83.38**	**36.91**	**10.59**	**2.87**	**98.72**	**232.54**
Charge for the period	0.10	7.59	16.18	5.79	0.36	26.61	56.63
Disposals	-	-	0.20	0.04	-	-	0.25
At March 31, 2019	**0.15**	**90.97**	**52.89**	**16.34**	**3.24**	**125.34**	**288.92**
Net Carrying Amount							
At April 1, 2016 (Proforma)	-	80.89	22.71	1.19	0.24	16.75	121.78
At March 31, 2017 (Proforma)	-	32.63	19.82	1.26	1.01	11.51	66.23
At March 31, 2018	1.96	12.02	18.08	4.59	0.65	21.23	58.54
At March 31, 2019	**1.86**	**4.43**	**16.20**	**12.38**	**2.36**	**33.63**	**70.86**

* Mortgaged as security against non-convertible debentures.

Intangible assets

Particulars	Computer Software	Total
Gross block (at cost)		
At April 1, 2016 (Proforma)	64.15	64.15
Addition	14.78	14.78
At March 31, 2017 (Proforma)	**78.93**	**78.93**
Addition	16.93	16.93
At March 31, 2018	**95.86**	**95.86**
Addition	8.00	8.00
At March 31, 2019	**103.86**	**103.86**
Amortization		
At April 1, 2016 (Proforma)	41.24	41.24
Charge for the year	13.84	13.84
At March 31, 2017 (Proforma)	**55.08**	**55.08**
Charge for the year	14.75	14.75
At March 31, 2018	**69.83**	**69.83**
Charge for the period	12.50	12.50
At March 31, 2019	**82.33**	**82.33**
Net Carrying Amount		
At April 1, 2016 (Proforma)	22.91	22.91
At March 31, 2017 (Proforma)	23.85	23.85
At March 31 2018	26.03	26.03
At March 31, 2019	21.53	21.53

Annexure 16: Restated Standalone Summary Statement of Other Non-Financial Assets

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Unsecured, considered good			
Prepaid expenses	1.78	1.57	2.15
Capital advances	0.69	2.17	-
Advance against sum assured	24.03	9.61	3.73
Other advances	100.51	2.12	25.86
Unsecured, considered doubtful			
Employee loans	1.70	1.70	1.70
Amounts deposited with courts	5.89	4.84	4.74
Advance against sum assured	10.50	11.31	12.40
Other advances	-	-	15.05
Less: Provision for doubtful debts	(18.09)	(17.85)	(33.89)
	127.01	**15.47**	**31.74**

Spandana Sphoorty Financial Limited

Annexure 17: Restated Standalone Summary Statement of Borrowings

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
(a) Debt Securities (at amortised cost) **i) Debentures** **Secured**			
325 (March 31, 2018: 325), 13.15% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Seventy Two months from the date of allotment i.e. October 31, 2017 (subject to exercise of put option by the lender or call option by the Company at the end of Thirty Six months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender.	342.30	342.20	-
180,000,000 (March 31, 2018: 180,000,000) 12.30% Secured, Redeemable, Non-convertible Debentures of face value of Re.1 each. redeemable at the end of Thirty Six Months from the date of allotment i.e. October 26, 2017	178.41	177.07	-
120,000,000 (March 31, 2018: 120,000,000) 12.30% Secured, Redeemable, Non-convertible Debentures of face value of Re.1 each, redeemable at the end of Thirty Six months from the date of allotment i.e. August 21, 2017	119.13	118.22	-
4,000 (March 31, 2018: 4,000), 12.90% Partly-paid Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. September 28, 2017 (subject to exercise of put option by the lender at the end of Twelve or Twenty Four months from the date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender.	2,157.01	827.84	-
1,000 (March 31, 2018: 1,000), 14% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Seventy Two months from the date of allotment i.e. September 18, 2017 (subject to exercise of put option by the lender or call option by the Company at the end of Thirty Six months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender.	1,003.18	1,002.18	-
1,500 (March 31, 2018: Nil), 12.20% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. May 31, 2018 (subject to exercise of put option by the lender at the end of Twelve months or Eighteen months or Twenty Four months or Thirty months or call option by the Company at the end of Eighteen months from date of allotment). Redeemable on maturity if option not exercised or communication for roll-over received from lender.	1,136.76	-	-
820 (March 31, 2018: Nil), 12.40% Secured, Redeemable, Non-convertible Debentures of face value of Rs. 1,000,000 each redeemable at par at the end of Thirty Six months from the date of allotment i.e. December 7, 2018 .	851.09	-	-
Nature of security The above debentures are secured by way of first and exclusive charge over eligible book debts of the Company. NCDs issued on September 18, 2017 are also secured by a first charge on land and building.			

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Unsecured			
200 (March 31, 2018: 200), 13.30% Fully paid up Senior Unsecured, Redeemable, Non-Convertible Debentures of face value of Rs. 1 million each redeemable at par at the end of Thirty Six months from the date of allotment i.e. September 26, 2017 (subject to exercise of put option by the lender at the end of 367 days or Twenty Four months). Redeemable on maturity if option not exercised or communication for roll-over received from lender.	212.10	211.54	-
ii) Borrowing under securitization arrangement			
From banks	7,719.66	6,975.47	-
From non-banking financial companies	-	492.61	-
Total Debt Securities	**13,719.64**	**10,147.13**	**-**

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
(b) Borrowings (Other than Debt Securities at amortised cost)			
Secured term loan			
Indian rupee loan from banks	10,297.00	9,704.30	9,324.57
Indian rupee loan from non-banking financial companies	5,232.89	3,260.38	-
Indian rupee loan from Financial Institutions	-	-	-
Cash credit from bank (secured)*	-	0.40	-
Total Borrowings (Other than Debt Securities)	**15,529.89**	**12,965.08**	**9,324.57**

*Cash credit from bank is secured by hypothecation of book debts.

Cash credit from bank carries interest rate @ 11.70% pa with monthly interest repayment

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
(c) Subordinated Liabilities (at amortised cost)			
Unsecured term loan			
Indian rupee loan from non-banking financial company	201.56	201.46	-
Loans and advances from related party (unsecured)	-	-	10.00
Preference shares other than those that qualify as Equity			
OCRPS (all series)	-	0.09	0.09
Total Subordinated Liabilities	**201.56**	**201.55**	**10.09**
	29,451.09	**23,313.77**	**9,334.66**
Above amount includes			
Secured borrowings*	29,037.43	22,900.68	9,324.57
Unsecured borrowings #	413.66	413.09	10.09
Net amount	**29,451.09**	**23,313.77**	**9,334.66**
Borrowings in India	29,451.09	23,313.77	9,334.66
Borrowings outside India	-	-	-
Total	**29,451.09**	**23,313.77**	**9,334.66**

* Secured by hypothecation of book debts and margin money deposits.

The unsecured borrowings are in the nature of subordinated debt and non-convertible debentures.

Spandana Sphoorty Financial Limited
Annexure 17A: Restated Standalone Summary Statement of terms of principal repayment of borrowings as at March 31, 2019

(Rupees in millions unless otherwise stated)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due beyond 3 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Debt Securities										
Monthly										
1-3 years	9.01%-9.50%	12	868.80	5	197.06	-	-	-	-	1,065.86
		12	673.33	5	135.77	-	-	-	-	809.10
		3	254.74	-	-	-	-	-	-	254.74
		5	198.02	-	-	-	-	-	-	198.02
		7	310.08	-	-	-	-	-	-	310.08
		6	374.18	-	-	-	-	-	-	374.18
		7	251.06	-	-	-	-	-	-	251.06
	9.51%-10.00%	12	602.35	-	-	-	-	-	-	602.35
		6	625.76	-	-	-	-	-	-	625.76
		11	1,826.03	-	-	-	-	-	-	1,826.03
		4	89.50	-	-	-	-	-	-	89.50
		12	366.00	1	5.88	-	-	-	-	371.88
	10.01%-10.50%	1	2.30	-	-	-	-	-	-	2.30
	11.01%-11.50%	9	950.36	-	-	-	-	-	-	950.36
Quarterly										
1-3 years	12.51%-13.00%	2	2,161.25	-	-	-	-	-	-	2,161.25
	12.01%-12.50%	1	1,125.00	-	-	-	-	-	-	1,125.00
Half Yearly										
1-3 years	13.01%-13.50%	0	-	2	410.00	2	410.00	-	-	820.00
Annually										
1-3 years	12.51%-13.00%	1	200.00	-	-	-	-	-	-	200.00
Bullet										
1-3 years	12.01%-12.50%	0	-	1	180.00	-	-	-	-	180.00
		0	-	1	120.00	-	-	-	-	120.00
	13.01%-13.50%	0	-	1	325.00	-	-	-	-	325.00
	13.51%-14.00%	0	-	1	1,000.00	-	-	-	-	1,000.00
Borrowings (Other than Debt Securities)										
Monthly										
1-3 Years	10.01%-10.50%	12	250.00	4	83.33	-	-	-	-	333.33
		12	250.00	5	104.17	-	-	-	-	354.17
	10.51%-11.00%	12	97.80	12	109.12	2	19.38	-	-	226.30
		12	203.34	4	72.89	-	-	-	-	276.23
		8	137.53	-	-	-	-	-	-	137.53
		12	78.58	12	87.67	6	47.57	-	-	213.82
		12	450.00	12	450.00	-	-	-	-	900.00
		10	170.39	-	-	-	-	-	-	170.39
		12	199.71	6	108.15	-	-	-	-	307.86
	11.01%-11.50%	12	130.43	1	10.87	-	-	-	-	141.30
		12	130.43	1	10.87	-	-	-	-	141.30
		12	782.61	1	65.22	-	-	-	-	847.83
		12	1,500.00	8	1,000.00	-	-	-	-	2,500.00
		5	73.65	-	-	-	-	-	-	73.65
		12	150.00	12	150.00	-	-	-	-	300.00
		12	150.00	12	150.00	-	-	-	-	300.00
		12	150.00	12	150.00	-	-	-	-	300.00
		12	103.17	12	79.93	-	-	-	-	183.10
		7	159.68	-	-	-	-	-	-	159.68

Spandana Sphoorty Financial Limited

Annexure 17A: Restated Standalone Summary Statement of terms of principal repayment of borrowings as at March 31, 2019

(Rupees in millions unless otherwise stated)

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due beyond 3 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
1-3 Years	11.51%-12.00%	2	60.07	-	-	-	-	-	-	60.07
		0	-	10	833.33	2	166.67	-	-	1,000.00
		11	217.90	3	63.68	-	-	-	-	281.58
		12	71.06	11	73.22	-	-	-	-	144.28
		12	150.00	3	37.50	-	-	-	-	187.50
		4	25.00	-	-	-	-	-	-	25.00
		5	20.83	-	-	-	-	-	-	20.83
		12	250.00	2	41.67	-	-	-	-	291.67
		5	88.56	-	-	-	-	-	-	88.56
		12	100.00	9	75.00	-	-	-	-	175.00
		12	181.82	12	181.82	8	121.21	-	-	484.85
		12	79.99	12	79.99	9	60.02	-	-	220.00
	13.51%-14.00%	2	67.78	-	-	-	-	-	-	67.78
		4	14.86	-	-	-	-	-	-	14.86
		12	333.33	3	83.33	-	-	-	-	416.67
Quarterly										
1-3 Years	10.51%-11.00%	4	228.57	-	-	-	-	-	-	228.57
		4	125.00	2	62.50	-	-	-	-	187.50
		4	914.29	-	-	-	-	-	-	914.29
		4	500.00	2	250.00	-	-	-	-	750.00
		3	375.00	-	-	-	-	-	-	375.00
	11.01%-11.50%	4	125.00	4	125.00	-	-	-	-	250.00
	11.51%-12.00%	4	500.00	-	-	-	-	-	-	500.00
	12.51%-13.00%	2	214.29	-	-	-	-	-	-	214.29
		4	83.33	4	83.33	-	-	-	-	166.66
		4	250.00	2	125.00	-	-	-	-	375.00
	13.01%-13.50%	4	109.09	1	27.27	-	-	-	-	136.36
Bullet										
1-3 years	10.51%-11.00%	1	125.00	-	-	-	-	-	-	125.00
Subordinated Liabilities										
Bullet										
Above 3 years	14.51%-15.00%	0	-	-	-	-	-	1	200.00	200.00
Total		**480**	**21,256.85**	**211**	**7,148.57**	**29**	**824.85**	**1**	**200.00**	**29,430.27**
Impact of EIR										**20.82**
Grand Total										**29,451.09**

Spandana Sphoorty Financial Limited

Annexure 18: Restated Standalone Summary Statement of Other Financial liabilities

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Expenses payable	29.78	15.80	163.04
Employee benefits payable	236.19	123.04	87.43
Creditors for capital goods	-	6.30	0.42
Other payable	169.24	-	8.63
	435.21	**145.14**	**259.52**

Annexure 19: Restated Standalone Summary Statement of Current Tax Liabilities (net)

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Provision for Tax (net of advance tax)	3.48	92.96	235.84
	3.48	**92.96**	**235.84**

Annexure 20: Restated Standalone Summary Statement of Provisions

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Provision for employee benefits			
Gratuity (net of contribution)	3.42	3.90	5.98
	3.42	**3.90**	**5.98**

Annexure 21: Restated Standalone Summary Statement of Other Non-Financial Liabilities

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Other payables	38.09	20.58	30.43
Unfructified service tax liability [net of amount paid under protest Rs.9.93 millions (March 31, 2018: Rs. 9.93 millions, March 31, 2017: Rs. 9.93 millions)]	141.36	132.83	124.30
Statutory dues payable	43.98	26.90	19.80
	223.43	**180.31**	**174.53**

Spandana Sphoorty Financial Limited

Annexure 22: Restated Standalone Summary Statement of Equity Share Capital

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Authorized			
900,000,000 (March 31, 2018: 900,000,000, March 31, 2017: 900,000,000) equity shares of Rs.10 each	9,000.00	9,000.00	9,000.00
	9,000.00	**9,000.00**	**9,000.00**
Issued, subscribed and paid-up			
59,633,683 (March 31, 2018: 29,756,818, March 31, 2017: 28,449,393) equity shares of Rs.10 each fully paid up	596.34	297.56	284.49
Total	**596.34**	**297.56**	**284.49**

(a) Terms / rights attached to equity shares

The Company has only one class of equity shares of par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period:

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019		As at March 31, 2018		As at March 31, 2017 (Proforma)	
	Number of shares	**Amount**	**Number of shares**	**Amount**	**Number of shares**	**Amount**
Outstanding at the beginning of the year	29,756,818	297.56	28,449,393	284.49	20,380,767	203.81
Issued upon conversion of preference shares and share warrants*	27,749,295	277.49	-	-	-	-
Issued during the year	2,127,570	21.28	1,307,425	13.07	8,068,626	80.68
Outstanding at the end of the year	**59,633,683**	**596.34**	**29,756,818**	**297.56**	**28,449,393**	**284.49**

* During the year ended March 31, 2019, the Company converted its preference shares (all classes) and share warrants into equity shares as per the terms of issuance of each class of securities. Accordingly, the Company issued 27,749,295 number of equity shares of face value of Rs.10 each upon conversion of preference shares and share warrants into equity shares as follows:

(Rupees in millions unless otherwise stated)

Particulars	No. of convertible securities	No. of equity shares issued upon conversion	Nominal value of equity share issued	Premium*
Class A 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each	234,999,997	9,979,615	99.80	2,250.20
Class A1 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each	119,212,760	5,062,542	50.63	1,141.50
Class B 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each	791,007,721	8,948,425	89.48	7,820.59
Series C 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each	1,135,085	1,135,085	11.35	254.85
FY18 Series A 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each	283,771	283,771	2.84	63.71
FY18 Series B 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each	283,771	283,771	2.84	63.71
FY19 Series A 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each	283,771	283,771	2.84	63.71
FY19 Series B 0.001% Optionally Convertible Redeemable preference shares (OCRPS) of Rs.10 each	283,771	283,771	2.84	63.71
Share warrants	1,488,544	1,488,544	14.89	335.64
Total	**1,148,979,191**	**27,749,295**	**277.51**	**12,057.62**

* Total premium on OCRPS @ Rs. 225.48 per share aggregates to Rs. 511.88 million (includes Rs. 2.18 million called and paid up during the year ended March 31, 2017 @ Re.0.96 per share and balance Rs. 509.70 million called and paid up in the current period @ Rs. 224.52 per share, indicated in the table above).

Note: For terms / rights attached to compulsory convertible preference shares- Refer annexure: 23

Details of shareholders holding more than 5% in the Company:

As per the records of the Company, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

Name of the shareholder	As at March 31, 2019		As at March 31, 2018		As at March 31, 2017 (Proforma)	
	Number of shares	**% of holding**	**Number of shares**	**% of holding**	**Number of shares**	**% of holding**
Equity shares						
Kangchenjunga Limited (Holding Company)*	35,270,269	59.14%	10,942,328	36.77%	7,896,937	27.76%
Padmaja Gangireddy	11,670,067	19.57%	5,879,366	19.76%	6,194,261	21.77%
Valiant Mauritius Partners FDI Limited	4,632,570	7.77%	4,632,570	15.57%	3,981,780	14.00%
JM Financial Products Limited	909,887	1.53%	2,976,821	10.00%	-	-
JM Financial Trustee Company Private Limited	-	-	1,744,303	5.86%	6,582,276	23.14%
Vijaya Sivarami Reddy Vendidandi	1,491,483	2.50%	1,491,483	5.01%	1,491,483	5.24%

* Holding Company with effect from May 15, 2018

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Annexure 23: Restated Standalone Summary Statement of Other Equity

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Authorized			
1,250,000,000 (March 31, 2018: 1,250,000,000); March 31, 2017: 1,100,000,000) preference shares of Rs.10 each	12,500.00	12,500.00	11,000.00
	12,500.00	12,500.00	11,000.00
Issued, subscribed and paid-up			
Nil (March 31, 2018: 791,007,721; March 31, 2017: 791,007,721) Class B 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each fully paid up	-	7,910.08	7,910.08
Nil (March 31, 2018: 234,999,997); March 31, 2017: 110,000,008) Class A 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each fully paid up	-	2,350.00	1,100.00
Nil (March 31, 2018: 119,212,760; March 31, 2017: Nil) Class A1 0.001% Compulsory Convertible preference shares (CCPS) of Rs.10 each fully paid up	-	1,192.13	-
	-	**11,452.21**	**9,010.08**
Money received against share warrants	**-**	**1.49**	**-**
Securities premium account			
Balance as per the last financial statements	2,877.61	2,582.81	761.32
Add: Premium on conversion of Class B 0.001% Compulsory Convertible preference shares (CCPS) (refer annexure 22)	7,820.59	-	-
Add: Premium on conversion of Class A 0.001% Compulsory Convertible preference shares (CCPS) (refer annexure 22)	2,250.20	-	-
Add: Premium on conversion of Class A1 0.001% Compulsory Convertible preference shares (CCPS) (refer annexure 22)	1,141.50	-	-
Add: Premium on conversion of Optionally Convertible Redeemable preference shares (OCRPS) - Series A, B & C (refer annexure 22)	509.70	-	-
Add: Premium on conversion of share warrants (refer annexure 22)	335.64	-	-
Add: Premium on issue of OCRPS (all series)	-	-	2.18
Add: Premium on issue of equity shares	479.72	294.80	1,819.31
Less : Utilization towards premium on OCCRPS	-	-	-
Closing balance	**15,414.96**	**2,877.61**	**2,582.81**
General reserve	**23.28**	**23.28**	**23.28**
Share options outstanding reserve	**41.25**	**-**	**-**
Capital redemption reserve	**1,526.92**	**1,526.92**	**1,526.92**
Statutory reserve			
Balance as per the last financial statements	1,948.67	1,604.97	1,499.07
Add: Amount transferred from surplus of profit and loss	617.50	343.70	105.90
Closing balance	**2,566.17**	**1,948.67**	**1,604.97**

(Rupees in millions unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Deficit in the statement of profit and loss			
Balance as per the last financial statements	(4,221.14)	(5,756.87)	(10,083.23)
Add: Profit for the year	3,087.48	1,879.71	4,434.14
Add: Other comprehensive income (Re-measurement gains/(losses) on defined benefit plans)	(2.00)	(0.28)	(1.58)
Less: Transfer to Statutory Reserve [@ 20% of profit after tax as required by Section 45-IC of Reserve Bank of India Act, 1934]	(617.50)	(343.70)	(105.90)
Less: Dividend on CCPS all class (includes dividend distribution tax)	(0.13)	-	-
Less: Dividend on OCCRPS	-	-	(0.30)
Net deficit in the statement of profit and loss	**(1,753.29)**	**(4,221.14)**	**(5,756.87)**

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Other comprehensive income (Fair valuation on loan portfolio)			
Opening balance	-	-	-
Add: Fair value change during the year	902.28	-	-
Less: Impairment loss allowance transferred to statement of profit and loss	(454.17)	-	-
Closing balance	**448.11**	**-**	**-**
Total other equity	**18,267.40**	**13,609.04**	**8,991.20**

i) Terms / rights attached to Share Warrants

On March 6, 2018, the Company issued 14,88,544 Share Warrants with an exercise price of Rs.235.48 per warrant ("Warrant Exercise Price") of which Re.1 per warrant was paid towards subscription of the warrants prior to the allotment of the warrants ("Upfront Payment Amount") and a balance amount of Rs.234.48 per warrant shall be paid at the time of exercising the right of conversion of such warrants into equity shares ("Balance Payment Amount"). The holder of share warrants shall not be entitled to any voting rights in the Company.

Each warrant shall be convertible into an equivalent number of equity shares upon payment of the Balance Payment Amount, at the option of the warrant holder, in one or more tranches and at such time period as the warrant holder may deem fit, on or prior to the expiry of 24 months ("Offer Exercise Period") from the date of allotment i.e. March 6, 2018 (subject to adjustment in equity share capital that has occurred upto the date of conversion on account of issue of bonus shares, stock split, sub-division, consolidation or any similar corporate action). Upon receipt of the Balance Payment Amount as set out above, the Board of Directors (or a Committee thereof) shall allot one equity share per warrant by appropriating from the Warrant Exercise Price, Rs.10 towards equity share capital and the balance amount received towards securities premium account.

ii) Terms / rights attached to Class A CCPS

During the year ended March 31, 2017, the Company issued 110,000,008 Class A CCPS of Rs.10 each fully paid-up. Further, in the year ended March 31, 2018, the Company has issued 124,999,989 Class A CCPS of Rs.10 each fully paid-up. The Class A CCPS shall rank pari-passu with other preference shares. The Class A CCPS shall carry a dividend of 0.001% payable annually in proportion to the total number of equity shares on and as converted basis. The dividend will accrue on cumulative basis and shall be due and payable upon conversion of CCPS into equity shares. The Company declares and pays dividend in Indian rupees. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The holder of Class A CCPS shall not be entitled to any voting rights in the Company.

Each holder of Class A CCPS has to mandatorily convert its preference shares into equity shares at the end of the 10th year from the date of issue i.e. March 31, 2017 and December 4, 2017. The holder can also convert the CCPS before the 10th year by giving 5 days' prior conversion notice to the Company. The Company will issue such number of equity shares as derived by conversion formula given below (subject to adjustment in equity shares capital that has occurred upto the date of conversion on account of issue of bonus shares, stock split, sub-division, consolidation or any similar corporate action):

$$\frac{\text{Number of Class A CCPS proposed to be converted} \times \text{Face value of Class A CCPS}}{\text{Fair market value of equity shares of the Company as on the date of acquisition of Class A CCPS}}$$

iii) Terms / rights attached to Class A1 CCPS

During the year ended March 31, 2018, the Company issued 119,212,760 Class A1 CCPS of Rs.10 each fully paid-up. The Class A1 CCPS shall rank pari-passu with other preference shares. The Class A1 CCPS shall carry a dividend of 0.001% payable annually in proportion to the total number of equity shares on and as converted basis. The dividend will accrue on cumulative basis and shall be due and payable upon conversion of CCPS into equity shares. The Company declares and pays dividend in Indian rupees. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The holder of Class A1 CCPS shall not be entitled to any voting rights in the Company.

Each holder of Class A1 CCPS has to mandatorily convert its preference shares into equity shares at the end of the 10th year from the date of issue i.e. March 8, 2018. The holder can also convert the CCPS before the 10th year by giving 5 days' prior conversion notice to the Company. The Company will issue such number of equity shares as derived by conversion formula given below (subject to adjustment in equity shares capital that has occurred upto the date of conversion on account of issue of bonus shares, stock split, sub-division, consolidation or any similar corporate action):

$$\frac{\text{Number of Class A1 CCPS proposed to be converted} \times \text{Face value of Class A1 CCPS}}{\text{Fair market value of equity shares of the Company as on the date of acquisition of Class A1 CCPS}}$$

iv) Terms / rights attached to Class B CCPS

During the year ended March 31, 2017, the Company converted the OCCRPS outstanding as at March 31, 2016 into Class B CCPS. The Class B CCPS shall rank pari-passu with other preference shares. The Class B CCPS shall carry a dividend of 0.001% payable annually in proportion to the total number of equity shares on and as converted basis. The dividend will accrue on cumulative basis and shall be due and payable upon conversion of CCPS into equity shares. The Company declares and pays dividend in Indian rupees. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The holder of Class B CCPS shall not be entitled to any voting rights in the Company.

Each holder of Class B CCPS has to mandatorily convert its preference shares into equity shares at the end of the 10^{th} year from the date of issue, i.e. March 31, 2017. The holder can also convert the CCPS before the 10^{th} year, by giving 5 days' prior conversion notice to the Company. The Company will issue such number of equity shares as derived by conversion formula given below (subject to adjustment in equity shares capital that have occurred upto the date of conversion on account of issue of bonus shares, stock split, sub-division, consolidation or any similar corporate action):

$$\frac{\text{Number of Class B CCPS proposed to be converted} \times 2.7}{\text{Fair market value of equity shares of the Company as on the date of acquisition of Class B CCPS}}$$

The Company has paid dividend on preference shares during the period upon conversion as per the terms of issuance of the respective securities. The dividend is paid from the date of allotment of preference shares till the date of conversion of the same into equity shares.

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Annexure 24: Restated Standalone Summary Statement of Interest Income

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
Measured at fair value			
Interest on loan portfolio	9,661.56	-	-
Measured at amortised cost		-	-
Interest on loan portfolio	-	5,675.12	3,704.63
Interest on fixed deposits	5.23	1.27	-
Interest on inter corporate advances	142.46	16.94	-
Interest on margin money deposits*	105.17	36.76	1.35
	9,914.42	**5,730.09**	**3,705.98**

*Represent margin money deposits placed to avail term loans from banks, non baking financial companies and placed as cash collateral in connection with securitization transactions.

Annexure 25: Restated Standalone Summary Statement of Net Gain on Fair Value Changes

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
Net gain on fair value changes of investments	109.57	42.15	16.38
Net gain on derecognition of loans designated at FVOCI	156.13	-	-
	265.70	**42.15**	**16.38**
Fair value changes			
Realised	174.40	42.15	16.38
Unrealised	91.30	-	-
Total net gain on fair value changes	**265.70**	**42.15**	**16.38**

Annexure 26: Restated Standalone Summary Statement of Others

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
Recovery against loans written off	35.10	44.23	10.40
Incentive income	-	16.52	-
	35.10	**60.75**	**10.40**

Annexure 27: Restated Standalone Summary Statement of Other Income

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
Net gain on derecognition of property, plant and equipment	0.03	0.40	0.21
Advertisement income	51.15	-	-
Interest on income tax refund	-	-	9.85
Miscellaneous income	3.09	1.85	5.96
	54.27	**2.25**	**16.02**

Annexure 28: Restated Standalone Summary Statement of Finance Costs

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
Interest			
On debt securities	1,474.00	409.97	-
On borrowings (other than debt securities)	2,058.75	1,797.84	1,474.34
On subordinated liabilities	30.11	24.32	-
On income tax	1.15	31.17	-
Other finance cost	0.69	54.61	19.55
	3,564.71	**2,317.91**	**1,493.89**

Annexure 29: Restated Standalone Summary Statement of Impairment on Financial Instruments

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
Measured at fair value			
Impairment on loan portfolio	(4,769.68)	-	-
Loan portfolio written off	5,223.85	-	-
Measured at amortised cost			
Impairment on loan portfolio	-	(354.09)	961.10
Loan portfolio written off	-	-	22.80
	454.17	**(354.09)**	**983.90**

Annexure 30: Restated Standalone Summary Statement of Employee Benefits Expense

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
Salaries, wages and bonus	1,214.03	735.18	561.43
Contribution to provident fund and other funds	20.13	19.57	16.86
Expenses on employee stock option scheme	41.14	-	-
Staff welfare expenses	24.59	3.95	2.25
	1,299.89	**758.71**	**580.54**

Annexure 31: Restated Standalone Summary Statement of Other Expenses

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
Rent (refer annexure 39.9)	36.16	47.23	63.34
Rates and taxes	2.30	2.61	7.32
Bank charges	16.47	5.99	6.46
Office maintenance	36.37	20.46	13.71
Computers and network maintenance	8.59	2.91	2.27
Electricity charges	12.22	9.38	8.78
Travelling expenses	115.38	70.51	73.10
Communication expenses	6.72	6.22	6.94
Credit bureau expenses	6.21	6.48	-
Printing and stationery	10.82	8.75	7.98
Legal and professional charges	9.58	36.54	65.29
Directors sitting fees	9.08	3.06	1.43
Auditors remuneration (refer details below)	10.03	6.77	6.61
Recruitment and training	1.10	6.26	0.97
Subscription fees	7.50	4.74	7.09
Other provisions and write off	23.61	19.06	10.27
Security charges	0.40	1.54	3.29
Foreign exchange loss	-	-	0.03
CSR expenses	19.93	4.01	-
Premium paid on portfolio purchase	-	-	8.56
Miscellaneous expenses	2.84	5.49	0.56
	335.31	**268.01**	**294.00**

Payment to auditors
As Auditor:

Audit fee	9.36	5.52	5.66
Certification fee	-	0.59	0.32
Out of pocket expenses	0.67	0.66	0.63
Total	**10.03**	**6.77**	**6.61**

Annexure 32: Restated Standalone Summary Statement of Exceptional items of Income/(Expense)

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
Provision no longer required written back [refer note (a) below]	-	-	447.86
CDR settlement expense [refer note (b) below]	-	-	(343.00)
Total	**-**	**-**	**104.86**

(a) Pursuant to the Company's exit from corporate debt restructuring (CDR) upon fulfillment of all conditions stipulated in the CDR Settlement Agreement dated March 21, 2017 (entered into by the Company with its lenders), there were no further amounts payable by the Company to its lenders and assignee banks (with whom the Company had entered into loan assignment transactions in the earlier years). In view of the final settlement, liabilities of Rs.447.86 million (Rs.294.83 million, net of tax as per the effective tax rate with reference to the restated profit before tax) were written back which were no longer payable by the Company. Such income arising on account of write back of liabilities, has been disclosed as an exceptional item in the restated standalone summary statements.

(b) Represents additional payments made by the Company to its lenders pursuant to the CDR Settlement Agreement dated March 21, 2017, referred to in (a) above. Such payments of Rs.343 million (Rs.219.87 million, net of tax as per the effective tax rate with reference to the restated profit before tax) have been disclosed as an exceptional item in the restated standalone summary statements.

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Annexure 33: Restated Standalone Summary Statement of Income Tax Expense

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
A. Income tax expense in the statement of profit and loss consists of:			
Current Income Tax:			
Income Tax	3.48	573.37	235.84
Deferred Tax	1,602.85	374.13	(4,214.12)
Income Tax expense reported in the statement of profit or loss	**1,606.33**	**947.50**	**(3,978.28)**
Income tax recognised in other comprehensive income			
Deferred tax arising on re-measurement gains/(losses) on defined benefit plans	(1.07)	0.14	(0.84)
Deferred tax arising on fair value gain on loan portfolio	240.69	-	-
Total	**239.62**	**0.14**	**(0.84)**
Total income tax expense	**1,845.95**	**947.64**	**(3,979.12)**

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
B. The reconciliation between the provision of Income Tax of the Company and amounts computed by applying the Indian statutory Income Tax rate to profit before taxes is as follows:			
Profit before tax	5,379.54	2,827.20	453.44
Enacted tax rates in India	34.94%	34.61%	34.61%
Computed tax expense	1,879.84	978.44	156.93
Effect of :			
Non-deductible expenses	7.37	8.31	13.24
Additional tax allowances	(25.91)	(4.70)	(5.53)
Difference on account of change in tax rate	(16.69)	(29.59)	-
Intial recognition of deferred tax asset	-	-	(4,143.76)
Others	1.34	(4.82)	-
Total Income Tax expense	**1,845.95**	**947.64**	**(3,979.12)**

Annexure 34: Restated Standalone Summary Statement of Earning per Share

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
Net profit after tax as per Statement of Profit and Loss	3,087.48	1,879.71	4,434.14
Net profit for calculation of basic earnings per share (A)	**3,087.48**	**1,879.71**	**4,434.14**
Less: Exceptional item (net of tax)	-	-	(69.03)
Net profit excluding exceptional items for calculation of Basic EPS (B)	**3,087.48**	**1,879.71**	**4,365.11**
Calculation of weighted average number of equity shares for basic EPS			
Opening No. of shares	29.76	28.45	20.38
Add: Issued during the year	1.66	0.09	0.02
Share Warrants converted during the year	1.16	-	-
OCRPS converted during the year	1.77	-	-
CCPS Class B	8.95	8.95	0.02
CCPS Class A	9.98	6.39	0.01
CCPS Class A1	5.06	0.33	-
Weighted average number of equity shares for basic EPS (C) (in millions)	**58.34**	**44.21**	**20.44**
Basic Earning per share (In rupees)			
Including exceptional item (A / C)	52.92	42.52	216.93
Excluding exceptional item (B / C)	52.92	42.52	213.55
Nominal value per share	10	10	10
Effect of dilution			
Conversion of OCRPS	0.00	0.01	788.84
ESOP	0.12	-	-
Total effect of dilution	**0.13**	**0.01**	**788.84**
Weighted average number of equity shares for diluted EPS (D) (in millions)	**58.46**	**44.22**	**809.28**
Diluted Earnings per share (In rupees)			
Including exceptional item (A / D)	52.81	42.51	5.48
Excluding exceptional item (B / D)	52.81	42.51	5.39
Nominal value per share	10	10	10

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Annexure 35: Statement of Dividend (for all classes of shares)

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
Equity shares			
Face value – (Indian Rupees)	10	10	10
% of dividend	Nil	Nil	Nil
Amount of dividend	Nil	Nil	Nil
0.001% Optionally convertible cumulative redeemable preference shares (OCCRPS) *			
Face value – (Indian Rupees)	NA	NA	NA
% of dividend	NA	NA	NA
Amount of dividend	NA	NA	NA
* OCCRPS converted into Class B Compulsory Convertible Preference Shares in the year ended March 31, 2017			
Class B 0.001% Compulsory Convertible Preference Shares (CCPS) **			
Face value – (Indian Rupees)	10	10	10
% of dividend	0.001%	Nil	Nil
Amount of dividend	0.09	Nil	Nil
** OCCRPS converted into Class B Compulsory Convertible Preference Shares in the year ended March 31, 2017			
Class A 0.001% Compulsory Convertible Preference Shares (CCPS)			
Face value – (Indian Rupees)	10	10	10
% of dividend	0.001%	Nil	Nil
Amount of dividend	0.02	Nil	Nil
Class A1 0.001% Compulsory Convertible preference shares (CCPS)			
Face value – (Indian Rupees)	10	10	NA
% of dividend	0.001%	Nil	NA
Amount of dividend	0.00	Nil	NA
0.001% Optionally Convertible Redeemable Preference Shares (OCRPS) - Series A, B, C*			
Face value – (Indian Rupees)	10	10	10
% of dividend	0.001%	Nil	Nil
Amount of dividend	0.00	Nil	Nil

* OCRPS are partly paid up till June 20, 2018

Annexure 36: Restated Standalone Summary Statement of Capitalisation

(Rupees in millions unless otherwise stated)

Particulars	Pre Issue	Post Issue
Debt*	**29,451.09**	**[●]**
Shareholders' Funds		
Equity Share Capital	596.34	[●]
Other Equity	18,267.40	[●]
Total Shareholders' Funds	**18,863.74**	**[●]**
Debt / Equity Ratio	**1.56**	**[●]**

*Comprises of debt securities, borrowings other than debt securities and subordinated liabilities.

Note:

The above figures are based on the Restated Standalone Summary Statements.

Since, the issue price and number of shares are yet to be finalised, the post-issue capitalisation statement has not been presented.

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Annexure 37: Restated Standalone Summary Statement of Accounting Ratios

(Rupees in millions unless otherwise stated)

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
Net profit after tax as per Statement of Profit and Loss	3,087.48	1,879.71	4,434.14
Net profit for calculation of basic earnings per share (A)	**3,087.48**	**1,879.71**	**4,434.14**
Less: Exceptional item (net of tax)	-	-	(69.03)
Net profit excluding exceptional items for calculation of Basic EPS (B)	**3,087.48**	**1,879.71**	**4,365.11**
Weighted average number of equity shares for basic EPS (C) (face value Rs. 10) (in millions)	58.34	44.21	20.44
Basic Earnings Per Share (in Rs.)			
Including exceptional item (A / C)	52.92	42.52	216.93
Excluding exceptional item (B / C)	52.92	42.52	213.55
Weighted average number of equity shares for diluted EPS (D) (in millions)	58.46	44.22	809.28
Diluted Earnings Per Share (In Rs.)			
Including exceptional item (A / D)	52.81	42.51	5.48
Excluding exceptional item (B / D)	52.81	42.51	5.39
Nominal value per share (Rs.)	10.00	10.00	10.00
II Net Asset Value per share (Rs.)			
Net worth, as restated (A)	18,863.74	13,906.60	9,275.69
Number of equity shares outstanding at the end of the year (B) (in millions)	59.63	29.76	28.45
Net Assets Value per equity share (C) = (A) / (B) (in Rs.)	**316.33**	**467.34**	**326.04**
III Return on Net worth (%)			
Net Profit after tax, as restated (A)	3,087.48	1,879.71	4,434.14
Net worth, as restated (B)	18,863.74	13,906.60	9,275.69
Return on Net Worth (C) = (A) / (B)	**16.37%**	**13.52%**	**47.80%**

Notes:
1. The figures disclosed above are based on the Restated Standalone Summary Statements of the Company.
2. The above statement should be read with the notes to Restated Standalone Summary Statements in Annexure 5.
3. The ratios on the basis of Restated financial information have been computed as below:

(i) Earnings per share = $\dfrac{\text{Net profit as restated attributable to equity share holders}}{\text{Weighted average number of equity shares outstanding at the end of the year}}$

(ii) Net asset value per equity share = $\dfrac{\text{Net worth as at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$

(iii) Return on net worth (%) = $\dfrac{\text{Net profit after tax for the year}}{\text{Net worth at the end of the year}}$

4. Earning per share calculations are done in accordance with Indian Accounting Standards 33 "Earning Per Share" issued by the Institute of Chartered Accountants of India.

Spandana Sphoorty Financial Limited

Annexure 38: Restated Standalone Summary Statement of Tax Shelter

(Rupees in millions unless otherwise stated)

Particulars		For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
Profit before current and deferred taxes as restated	**(A)**	**4,693.81**	**2,827.21**	**455.86**
Capital gains included in (A):				
Tax rate				
Normal Tax rate (%)	**(B)**	34.94%	34.61%	34.61%
Tax thereon				
Tax on normal profit	**(C)**	1,640.02	978.50	157.77
Total		**1,640.02**	**978.50**	**157.77**
Adjustments				
Permanent Differences				
Expenses disallowed under the Income Tax Act		42.29	36.09	0.62
Deduction for post employment benefits		(74.14)	(37.77)	-
CSR expenditure		19.93	4.01	-
Income exempt under Income Tax Act		(0.03)	(16.25)	(16.59)
Total permanent differences	**(D)**	**(11.95)**	**(13.92)**	**(15.97)**
Temporary Differences				
Difference in depreciation as per tax and books of account		21.61	20.92	42.97
Set off of brought forward Loss		-	(2,483.25)	(3,039.68)
Provision for portfolio loans		(4,605.78)	(354.09)	961.10
Expenses disallowed in previous year which are allowed in current year		(24.69)	(4.91)	(644.45)
Other timing differences		(133.30)	(130.11)	11.07
Total timing differences	**(E)**	**(4,742.16)**	**(2,951.44)**	**(2,668.99)**
Net Adjustment (D+E)	**(F)**	**(4,754.11)**	**(2,965.36)**	**(2,684.96)**
Tax thereon				
Tax on normal profit	**(G)**	(1,661.09)	(1,026.31)	(929.26)
Total Current Tax (H= G +C)	**(H)**	-	-	-
Income tax impact on restatement	**(I)**	-	185.32	(101.02)
Tax under section 115JB of the Income Tax Act, 1961 *	**(J)**	3.48	573.37	235.84
Current Tax on restated profit, as derived (Higher of (H+I) and (J))	**(K)**	**3.48**	**573.37**	**235.84**
Current tax expenses as per restated summary statements		**3.48**	**573.37**	**235.84**

* Represents Minimum Alternate Tax (MAT) computed on the Book Profit of the Company u/s 115JB of The Income Tax Act, 1961

Notes:

1. The aforesaid statement of tax shelter has been prepared as per the restated standalone summary statement of profits and losses of the Company.
2. The above statement should be read with the annexure to restated standalone summary statements of assets and liabilities, profits and losses, cash flows and statement of changes in equity appearing in annexure 1,2,3 and 4 respectively.
3. Income tax rate includes applicable surcharge, education cess and higher education cess of the year concerned.

(Rupees in millions unless otherwise stated)

39.1: 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	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
CRAR (%)	39.61%	32.54%	48.96%
CRAR-Tier I Capital (%)	38.57%	31.56%	48.52%
CRAR-Tier II Capital (%)	1.04%	0.98%	0.44%
Amount of subordinated debt raised as Tier-II capital	201.56	201.55	10.09
Amount raised by issue of Perpetual Debt Instruments	-	-	-

The company has considered impairment allowance towards stage I and stage II loans as 'contingent provision for standard assets' for calculating Tier II capital. The company has determined the capital adequacy ratio using the carrying value of assets and liabilities.

For the year ended March 31, 2017:

The modifications to the NBFC-MFI directions issued by RBI vide its circular no.RBI/2012-13/161 DNBS (PD) CC.No.300 /03.10.038/2012-13 dated August 3, 2012 have specified that provision made towards the loan portfolio in the states of Andhra Pradesh and Telangana (originated prior to January 1, 2012) should be added back notionally to the net owned funds for the purpose of calculation of the capital to risk assets ratio ('CRAR') and should be progressively reduced by 20% each year, over 5 years i.e. from March 31, 2013 to March 31, 2017. Accordingly, 20% of such provisioning has been notionally reckoned as a part of net own funds.

b. Exposure to real estate sector

Category	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
A.Direct exposure			
I. Residential Mortgages			
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	444.69	59.38	1.97
II.Commercial Real Estate			
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose Commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	-	-	-
III.Investments in Mortgage Backed Securities (MBS) and other securitised exposures -			
Residential	-	-	-
Commercial Real Estate	-	-	-
A.Indirect exposure			
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-	-
Total	444.69	59.38	1.97

c. Outstanding of loans against security of gold as a percentage to total assets is 0.39% (March 31, 2018: 0.54%, March 31, 2017: 1.08%)

d. The Company has no exposure to capital market.

e. Asset liability management:

Maturity pattern of assets and liabilities as on March 31, 2019:

Particulars	Upto 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
Borrowings	701.60	2,563.64	1,073.24	4,700.92	4,824.93	7,634.72	-	200.00	**21,699.05**
Advances *	2,677.96	2,718.46	2,355.03	7,035.49	11,199.81	4,916.44	3,738.91	4.81	**34,646.91**
Investments	-	-	-	-	-	-	-	646.30	**646.30**

* Net of provision towards non-performing loans and advances.

Maturity pattern of assets and liabilities as on March 31, 2018:

Particulars	Upto 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
Borrowings	661.80	957.70	870.30	3,504.10	4,946.50	4,693.90	-	200.00	**15,834.30**
Advances *	1,428.60	1,608.80	1,470.90	4,405.10	8,238.20	7,586.50	48.50	6.60	**24,793.20**
Investments	-	-	-	-	-	-	-	21.00	**21.00**

* Net of provision towards non-performing loans and advances.

Maturity pattern of assets and liabilities as on March 31, 2017 (Proforma):

Particulars	Upto 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
Borrowings	49.20	49.20	49.20	1,344.30	2,688.60	5,377.30	-	-	**9,557.80**
Advances *	1,526.70	1,487.20	1,265.00	2,976.90	2,552.80	2,395.30	384.30	2.50	**12,590.70**
Investments	-	-	-	-	-	-	-	1.00	**1.00**

* Net of provision towards non-performing loans and advances.

f. Information on instances of fraud

Instances of fraud reported during the year ended March 31, 2019:

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement	30	2.16	0.56	1.60
Fake Loans	29	18.26	7.36	10.90

*Includes recoveries in respect of frauds reported in earlier years

(Rupees in millions unless otherwise stated)

Instances of fraud reported during the year ended March 31, 2018:

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement	13	0.24	0.38	(0.14)
Fake Loans	9	6.54	0.68	5.86

*Includes recoveries in respect of frauds reported in earlier years

Instances of fraud reported during the year ended March 31, 2017 (Proforma):

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement	30	0.49	0.49	0.00
Fake Loans	8	4.29	0.26	4.03

*Includes recoveries in respect of frauds reported in earlier years

g. The Company has no transactions / exposure in derivatives in the years ended March 31, 2019, March 31, 2018 and March 31, 2017.

h. Ratings assigned by credit rating agencies and migration of ratings during the year ended March 31, 2019:

Sr. No.	Instrument	Rating agency	As per final rating letter	Rating assigned	Valid up to	Borrowing limit
1	Long term bank	ICRA	29-Mar-19	[ICRA]A-	See Note-1	25,000.00
2	Non convertible debentures programme	ICRA	29-Mar-19	[ICRA]A- (Stabl	See Note-1	8,210.00
3	Securitization	CARE	4-Mar-19	CARE A+ (SO)	30-Sep-19	241.50
4	Securitization	ICRA	28-Nov-18	[ICRA]A+(SO)	31-Oct-19	738.30
5	Securitization	ICRA	28-Nov-18	[ICRA] BBB+	31-Oct-19	115.00
6	Securitization	ICRA	28-Nov-18	[ICRA]A+(SO)	31-Dec-19	626.10
7	Securitization	ICRA	28-Nov-18	[ICRA]A+(SO)	31-Jan-20	494.90
8	Securitization	ICRA	28-Nov-18	[ICRA] AA-	31-Mar-20	1,293.80
9	Securitization	ICRA	28-Nov-18	[ICRA] A (SO)	31-Mar-20	624.70
10	Securitization	ICRA	28-Nov-18	[ICRA] A- (SO)	31-Mar-20	9.80
11	Securitization	ICRA	28-Nov-18	[ICRA]A+(SO)	31-Oct-19	1,031.90
12	Securitization	ICRA	12-Feb-19	[ICRA] AA-	30-Sep-20	1,388.80
13	Securitization	ICRA	4-Feb-19	[ICRA]A(SO)	31-Aug-20	500.00
14	Securitization	ICRA	4-Feb-19	[ICRA] BBB+	31-Aug-20	11.00
15	Securitization	ICRA	18-Mar-19	[ICRA]A+(SO)	30-Nov-20	2,239.50
16	Securitization	ICRA	8-Feb-19	[ICRA] A- (SO)	31-Oct-20	744.48
17	Securitization	ICRA	26-Mar-19	[ICRA]A(SO)	31-Jan-21	809.10
18	Securitization	ICRA	26-Mar-19	[ICRA]A-(SO)	31-Jan-21	
19	Securitization	ICRA	22-Mar-19	[ICRA]A+(SO)	31-Jan-21	1,065.90

Note 1: The rating is subject to annual surveillance till final repayment / redemption of rated facilities.

Ratings assigned by credit rating agencies and migration of ratings during the year ended March 31, 2018:

Sr. No.	Instrument	Rating agency	As per final rating letter	Rating assigned	Valid up to	Borrowing limit
1	Long term bank facilities	ICRA	1-Feb-18	[ICRA]BBB (Positive)	See Note-1	5,000.00
2	Long term bank facilities	CRISIL	19-Dec-18	CRISIL BBB (Positive)	See Note-1	20,000.00
3	Non convertible debentures	ICRA	1-Feb-18	[ICRA]BBB (Positive)	See Note-1	5,850.00
4	Securitization	ICRA	5-Dec-17	[ICRA] A- (SO)	31-Dec-18	270.00
5	Securitization	ICRA	5-Dec-17	[ICRA] A- (SO)	31-May-19	301.60
6	Securitization	ICRA	1-Jan-18	[ICRA]A+(SO)	30-Jun-19	248.30
7	Securitization	ICRA	9-Jan-18	[ICRA]A+(SO)	31-Aug-19	926.30
8	Securitization	CARE	9-Feb-18	CARE A+ (SO)	30-Sep-19	496.20
9	Securitization	CARE	21-Feb-18	CARE A+ (SO)	30-Sep-19	861.50
10	Securitization	ICRA	12-Mar-18	[ICRA] A+(SO)	31-Oct-19	1,898.30
11	Securitization	ICRA	12-Mar-18	[ICRA] A (SO)	31-Oct-19	1,977.30
12	Securitization	ICRA	5-Mar-18	Provisional [ICRA] A+(SO)	31-Dec-19	1,475.40
13	Securitization	ICRA	26-Mar-18	Provisional [ICRA] A (SO)	31-Jan-20	981.50
14	Securitization	ICRA	12-Mar-18	[ICRA] BBB	31-Oct-19	115.00
15	Securitization	ICRA	1-Feb-18	[ICRA] BBB	30-Jun-19	21.90

Note 1: The rating is subject to annual surveillance till final repayment / redemption of rated facilities

(Rupees in millions unless otherwise stated)

Ratings assigned by credit rating agencies and migration of ratings during the year ended March 31, 2017:

Sr. No.	Instrument	Rating agency	As per final rating letter	Rating assigned	Valid up to	Borrowing limit
No rating has been obtained during the year						

i. Disclosure of complaints

Particulars	No. of complaints		
	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
No. of complaints pending at the beginning of the year	18	11	24
No. of complaints received during the year	338	1810	672
No. of complaints redressed during the year	338	1803	685
No. of complaints pending at the end of the year	18	18	11

j. Concentration of Advances, Exposures and NPAs

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Concentration of Advances*			
Total advances to twenty largest borrowers	35.93	20.73	17.92
(%) of advances to twenty largest borrowers to total advances	0.09%	0.06%	0.09%
Concentration of Exposures*			
Total exposure to twenty largest borrowers	35.95	20.73	18.88
(%) of exposure to twenty largest borrowers to total exposure	0.09%	0.06%	0.09%
Concentration of NPAs**			
Total exposure to top four NPA accounts	0.75	1.96	1.17

* Represents amount outstanding as per contract with customers

** Represents stage III loans including interest

k. Sector wise NPAs*

Sector	Percentage of NPAs to total advances in that sector		
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Agriculture and allied	9.94%	28.07%	46.64%
MSME	8.31%	25.85%	42.23%
Corporate borrowers	0.00%	0.00%	0.00%
Services	8.82%	23.14%	32.24%
Unsecured personal loans	0.00%	0.00%	0.00%
Auto loans	9.95%	18.21%	32.01%
Other personal loans	16.49%	34.82%	47.85%

* Represents stage III loans.

Spandana Sphoorty Financial Limited
Annexure 39: Restated Standalone Summary Statement of Additional Information

(Rupees in millions unless otherwise stated)

l. Movement of NPAs*

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Net NPAs to net advances (%)	0.02%	0.17%	1.59%
Movement of NPAs (gross)			
1. Opening balance	8,588.71	8,819.28	8,005.70
2. Additions during the year	246.03	181.33	835.60
3. Reductions during the year	5,205.81	411.90	22.10
4. Closing balance	3,628.93	8,588.71	8,819.20
Movement of Net NPAs			
1. Opening balance	53.13	40.48	10.20
2. Additions during the year	3.08	84.72	358.90
3. Reductions during the year	48.84	72.07	0.80
4. Closing balance	7.37	53.13	368.30
Movement of provision for NPAs			
1. Opening balance	8,535.58	8,778.80	7,995.50
2. Provisions made during the year	242.95	96.62	476.40
3. Write off/ write back of excess provisions	5,156.97	339.84	21.10
4. Closing balance	3,621.56	8,535.58	8,450.80

* Represents stage III loans for years ended March 31, 2019 and March 31, 2018.

Non-performing assets include amount of Rs. 3584.70 million for March 31, 2019 (March 31, 2018: Rs.7933.10 million, March 31, 2017: Rs. 7975.54 million) representing portfolio in the state of Andhra Pradesh and Telangana originated prior to January 1, 2012 which has been fully provided for.

m. There has been no drawdown from reserves during the years ended March 31, 2019, March 31, 2018 and March 31, 2017.

n. Investments:

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
1.Value of investments			
(i) Gross value of investments			
(a) In India	646.35	21.00	1.00
(b) Outside India	-	-	-
(ii) Provision for depreciation			
(a) In India	-	-	-
(b) Outside India	-	-	-
(iii) Net value of investments			
(a) In India	646.35	21.00	1.00
(b) Outside India	-	-	-
2.Movement of provisions held towards deprecation			
Opening balance	-	-	-
Add: Provision made during the year	-	-	-
Less: Write off/ write back	-	-	-
Closing balance	-	-	-

o. Details relating to securitisation:

During the year ended March 31, 2019, the Company has sold loans through securitisation. The information on securitisation activities is as under:

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Total number of loans securitized	778,911	658,431	-
Total book value of loans securitised	11,014.68	9,573.29	-
Total book value of loans securitised (incl.MRR)	12,406.56	10,926.88	-
Sale consideration received for loans securitized	11,014.68	9,573.29	-
Excess interest spread recognised in the statement of Profit and loss	1,204.74	435.30	-
Credit enhancements provided and outstanding (Gross):			
Interest subordination	632.30	873.80	-
Principal subordination	1,613.58	1,353.50	-
Cash collateral	990.40	478.74	-
Outstanding value of loan securitized	6,638.38	6,846.03	-

Spandana Sphoorty Financial Limited
Annexure 39: Restated Standalone Summary Statement of Additional Information

(Rupees in millions unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
1. No. of SPVs sponsored by the NBFC for securitisation transactions during the year	14	10	-
2.Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on the date of balance sheet	8,251.96	8,752.10	-
3.Total amount of exposures retained to comply with minimum retention requirement ('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 and over collateral)	2,603.98	1,832.24	-
- Others	-	-	-
4.Amount of exposures to securitization transactions other than MRR:			
a) Off-balance sheet exposures	-	-	-
i) Exposure to own securitisations			
- First loss	-	-	-
- Others	-	-	-
ii) Exposure to third party securitisations			
- First loss	-	-	-
- Others	-	-	-
b) On-balance sheet exposures			
i) Exposure to own securitisations			
- First loss	-	-	-
- Others	-	-	-
ii) Exposure to third party securitisations			
- First loss	-	-	-
- Others	-	-	-

p. Details of assignment transactions undertaken

Particulars	For the year ended 31st Mar 2019	For the year ended 31st Mar 2018	For year ended March 31, 2017 (Proforma)
No. of accounts	122,832	-	-
Aggregate value of accounts sold	1,973.77	-	-
Aggregate consideration	1,973.77	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-
Aggregate gain / (loss) over net book value	-	-	-

q. The Company has not sold financial assets to Securitisation / Reconstruction companies for asset reconstruction during the years ended March 31, 2019, March 31, 2018 and March 31, 2017.

r. The Company has not purchased / sold non-performing financial assets during the years ended March 31, 2019, March 31, 2018 and March 31, 2017.

s.The company has not financed any products of the parent company.

t. Unsecured Advances – Refer annexure 10

u. Registration obtained from other financial sector regulators:
The Company is registered with the 'Ministry of Corporate Affairs' (Financial regulators as described by Ministry of Finance)

v. No penalties imposed by RBI and other regulators during the years ended March 31, 2019, March 31, 2018 and March 31, 2017.

w. Provisions and contingencies (shown under expenditure in statement of profit and loss)

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Provision for income tax (net)	1,606.33	947.50	218.27
Provision for non-performing assets*	(4,914.31)	(243.04)	455.30
Provision for standard assets**	144.63	(111.05)	(57.90)
Provision for unfructified service tax liability	8.53	8.53	7.00
Provision for theft & fraud	14.85	6.89	4.90
Provision for gratuity	3.95	4.05	5.20
Provision for leave benefits	16.58	5.54	5.20
Provision for insurance claims	(0.81)	(1.09)	(1.40)
Provision for bonus	35.77	9.92	11.40
Provision for other assets	1.04	0.10	-
Provision for employee loans	-	-	(0.20)

* Represents impairment allowance on stage III loans
** Represents impairment allowance on stage I and stage II loans

x. The Company has unhedged foreign currency exposure in respect of:

Particulars	As at March 31, 2019	
	USD	INR
Professional Fee	35,583	2,470,994

There was no unhedged foreign currency exposure as at March 31, 2018 and March 31, 2017.

(Rupees in millions unless otherwise stated)

y. Information on Net Interest Margin

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
	(%)	(%)	(%)
Average interest charged (A)	19.17%	16.78%	16.00%
Average effective cost of borrowing (B)	12.84%	14.74%	16.31%
Net Interest margin (A-B)	6.33%	2.04%	-0.31%

1. Above computation is in accordance with the method accepted by RBI vide its letter no DNBS.PD.NO.4906/03.10.038/ 2012-13 dated April 4, 2013 to Micro-finance Institutions Network (the "MFIN format") read with the FAQs issued by RBI on October 14, 2016.

2. Securitised loans qualifying for de-recognition as per RBI's "true sale" criteria and related interest income have not been considered for computation of "average interest charged" in accordance with the MFIN format. Accordingly, the purchase consideration received towards such securitisations and related finance costs have not been considered for computation of "average effective cost of borrowings". As per Ind AS 109, such loans and borrowings continue to be recognized on the balance sheet in the Ind AS financial statements.

3. 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 Ind AS financial statements.

4. Average loan outstanding considered for computation of "average interest charged" is gross of the impairment allowance. As per Ind AS 109, such allowance is adjusted from the loan balance in the Ind AS financial statements.

5. The average interest charged and net interest margin excluding the loan portfolio originated in the states of Andhra Pradesh/ Telangana prior to January 1, 2012 are for year ended March 31, 2019 are 22.82% (March 31, 2018: 23.34%, March 31, 2017: 25.72%) and 9.98% (March 31, 2018: 8.60%, March 31, 2017: 9.41%) respectively.

(Rupees in millions unless otherwise stated)

39.2a: Segment Reporting

The Company operates in a single business segment i.e. lending to customers who have similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

39.2b: Related parties under Ind AS 24 with whom transactions have taken place during the period.

I. Holding company
Kangchenjunga Limited (w.e.f. May 15, 2018)

II. Subsidiary company
a) Caspian Financial Services Limited (w.e.f October 13, 2017)
b) Criss Financial Holdings Limited (w.e.f December 27 , 2018)

III. Other related party in accordance with Ind AS 24 with whom transactions have taken place
a) Spandana Rural and Urban Development Organization
b) Abhiram Marketing Services Limited
c) Spandana Employee Welfare Trust.
d) Spandana Mutual Benefit Trust

IV. Key Management Personnel
a) Mrs. Padmaja Gangireddy - Managing Director
b) Mr. Deepak Goswami – Chief Financial Officer (w.e.f. January 31, 2018)
c) Mr. Rakesh Jhinjharia – Company Secretary (w.e.f. June 15, 2017)
d) Mr. Nitin Prakash Agrawal – Chief Risk Officer (w.e.f. May 28, 2018)
e) Mr. Abdul Feroz Khan – Chief Strategy Officer (w.e.f. May 15, 2018)
f) Mr. Bharat Shah (Independent Director)
g) Mr. Deepak Vaidya (Independent Director)
h) Mr. Jagdish Capoor (Independent Director)
i) Ms. Abanti Mitra (Independent Director)
j) Mr. Natrajan Ranganathan (Independent Director) (from February 08, 2016 to November 01, 2016)
k) Mr. Ramachandra Kasargod Kamath (Nominee Director)
l) Mr. P S Prasad (Independent Director) (from September 15, 2014 to March 31, 2017)
m) Mr. Gopal Reddy A (Independent Director) (from September 15, 2014 to April 25, 2017)
n) Mr. P Madhava Rao (Independent Director) (from September 15, 2014 to October 18, 2017)
o) Mr. Santhosh Kumar Jha - Company Secretary (from July 07, 2016 to December 31, 2016)
p) Mr. Sunish Sharma (Nominee Director)
q) Mr. Karthikeya Dhruv Kaji (Nominee Director)
r) Mr. Darius Dinshaw Pandole (Nominee Director)
s) Mr. Amit Sobti (Nominee Director)

V. Relative of Key Management Personnel
a) Mr. Revan Saahith
b) Mr. Vijaya Sivarami Reddy Vendidandi
c) Mrs. Hina Ansari

Related party transactions during the year:

S. No	Related Party	Nature of Transactions	Transactions during year ended March 31, 2019	Transactions during year ended March 31, 2018	Transactions during year ended March 31, 2017 (Proforma)	(Payable)/Receivable		
						March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
1	Spandana Rural and Urban Development Organization	Rent expense	9.69	8.90	8.00	(0.29)	(0.25)	(0.24)
		Rent deposit	-	-	-	3.09	3.09	3.09
		Expense reimbursement	0.04	0.66	4.38	0.00	0.00	4.36
		Short term borrowing	-	-	10.00	-	-	(10.00)
		Short term borrowing repaid	-	10.00	-	-	-	-
		Interest expense	-	0.23	0.02	-	-	(0.02)
		Purchase of fixed assets	-	-	1.00	-	-	-
2	Criss Financial Holdings Limited	Expense reimbursement (net)	0.19	0.11	0.23	0.02	0.01	(0.28)
		Inter-corporate advances (net) *	(58.07)	331.10	-	272.93	331.00	-
		Interest income	91.30	13.58	-	2.59	3.31	-
		Purchase of portfolio	-	230.10	178.09	-	-	-
		Subscription to equity shares	250.00	-	-	-	-	-
3	Abhiram Marketing Services Limited	Commission income	147.59	54.32	23.31	28.61	5.36	-
		Incentive income	-	16.53	-	-	19.17	-
		Expenses reimbursement	34.95	25.04	1.56	6.85	0.48	0.00
		Inter-corporate advances (net) *	187.34	207.66	-	395.00	207.66	-
		Interest income	51.16	3.35	-	-	1.18	-
		Purchase of fixed assets and goods	31.77	4.23	1.00	(0.68)	-	-
4	Caspian Financial Services Limited	Pre-incorporation expenses	(0.51)	0.51	-	-	0.51	-
5	Kangchenjunga Limited	Dividend on CCPS (all class)	0.11	-	-	-	-	-
		Issue of preference shares (class A)	-	1,223.40	-	-	-	-
		Issue of preference shares (class A1)	-	1,166.76	-	-	-	-
6	Mr. Deepak Goswami	Remuneration#	7.65	1.85	-	(2.08)	(0.73)	-

(Rupees in millions unless otherwise stated)

S. No	Related Party	Nature of Transactions	Transactions during year ended March 31, 2019	Transactions during year ended March 31, 2018	Transactions during year ended March 31, 2017 (Proforma)	(Payable)/Receivable March 31, 2019	(Payable)/Receivable March 31, 2018	(Payable)/Receivable March 31, 2017 (Proforma)
7	Mr. Rakesh Jhinjharia	Equity shares issued pursuant to stock option scheme	0.62	-	-	-	-	-
		Remuneration#	1.87	1.09	-	(0.01)	(0.10)	-
8	Mr. Nitin Prakash Agrawal	Remuneration#	8.97	-	-	(1.49)	-	-
9	Mr. Bharat Shah	Sitting fee	2.00	-	-	-	-	-
10	Mr. Deepak Vaidya	Sitting fee	1.67	-	-	-	-	-
11	Mr. Jagdish Capoor	Sitting fee	1.67	-	-	-	-	-
12	Mr. K. R. Kamath	Sitting fee	2.00	1.83	-	-	-	-
13	Ms. Abanti Mitra	Sitting fee	1.00	0.92	0.11	-	-	-
		Subscription to equity shares	1.00	-	-	-	-	-
14	Mr. P Madhava Rao	Sitting fee	-	0.03	0.40	-	-	(0.14)
15	Mr. P. S. Prasad	Sitting fee	-	0.01	0.40	-	-	(0.14)
16	Mr. Gopala Reddy A	Sitting fee	-	-	0.15	-	-	(0.04)
17	Mr. Sundaram Ramakrishnan	Sitting fee	-	0.01	0.23	-	-	(0.11)
18	Mr. Natrajan Ranganathan	Sitting fee	-	-	0.06	-	-	-
19	Mr. Abdul Feroz Khan	Equity shares issued pursuant to stock option scheme	3.00	-	-	-	-	-
		Remuneration#	6.39	4.08	3.08	(1.87)	(0.83)	-
		Subscription to equity shares	17.05	-	-	-	-	-
20	Mrs. Padmaja Gangireddy	Balance subscription received on share warrants	349.03	1.49	-	-	-	-
		Balance subscription received on OCRPS (all series)	532.31		-	-	-	-
		Subscription to equity shares	478.49	17.65	-	-	-	-
		Purchase of CFHL Shares	270.49	-	-	-		
		Dividend on OCRPS	0.00	-	-	-	-	-
		Remuneration#	53.75	30.00	27.84	(4.58)	(3.49)	(2.73)
		Rental Deposit received	-	0.11	-	-	-	0.11
		Rent paid	-	0.03	0.32	-	-	-
		Issue of OCRPS	-	-	0.09	-	-	-
21	Mr. Revan Saahith	Remuneration#	0.76	-	-	(0.20)		
		Purchase of CFHL Shares	61.82	-	-	-	-	-
22	Mr. Vijaya Sivarami Reddy Vendidandi	Purchase of CFHL Shares	26.10	-	-	-	-	-
23	Mrs. Hina Ansari	Purchase of CFHL Shares	13.33	-	-	-	-	-
24	Spandana Employee Welfare Trust	Expense reimbursement	-	0.03	0.04	-	-	0.00
		Issue of Equity shares	-	9.07	-	-	-	-
25	Spandana Mutual Benefit Trust	Expense reimbursement	-	0.23	0.02	-	-	0.00
26	Santosh Kumar Jha	Remuneration#	-	-	0.53	-	-	-

* Of the ICDs given aggregating Rs. 1,186.43 million, the Company received repayment of Rs. 1,244.5 million including previous year outstanding from Criss Financial Holdings Limited (During year ended March 31 2018, ICDs aggregating Rs.385.10 million were given out of which the Company received Rs.54.10 million).
Of the ICDs given aggregating Rs. 288.62 million, the Company has received repayment of Rs. 101.28 million including previous year outstanding (March 31, 2018: ICDs given aggregating Rs.207.66 million the Company has received repayment of Rs.Nil) from Abhiram Marketing Services Limited.

#As the provision for gratuity 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.
Transactions during the year are shown net of service tax/GST and inclusive of TDS.

(Rupees in millions unless otherwise stated)

39.3: Contingent liabilities not provided for

a. Claims against the Company not acknowledged as debt:

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Service tax open assessments	48.66	48.66	49.23
Total	**48.66**	**48.66**	**49.23**

b. Other contingent Liability:

RBI has conducted annual inspection of the Company for FY18 and shared their concerns vide its letter dated March 28, 2019. One of the supervisory concerns mentioned in their letter is that the Company overcharged interest rate violating pricing guidelines prescribed under paragraph 54 of the Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, as amended, (the 'Master Direction'). The RBI has further advised the Company to initiate the refund process.

The Company is of the opinion that the pricing of qualifying loans is very much in line with para 54 of the Master Direction. An independent legal opinion has been obtained substantiating that the Company's method of determining the pricing of qualifying MFI loans is in compliance with the Master Direction. The Company is in the process of submitting its response to the RBI to this effect. Pending the outcome of the Company's submission to the RBI and given that the amount required to be refunded, if any, cannot be measured with sufficient reliability, no provision in this regard has been recorded as at March 31, 2019.

39.4: Fair Value

The carrying value and fair value of financial instruments by categories are as follows:

Particulars	Carrying Value as at			Fair Value as at		
	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Financial Assets measured at FVOCI						
Loan Portfolio	41,653.89	-	-	41,653.89	-	-
Financial Assets measured at FVTPL						
Investment in equity shares	1.00	1.00	1.00	1.00	1.00	1.00
Financial Assets measured at cost						
Loan Portfolio	-	30,896.26	11,945.49	-	31,673.72	12,425.37
Cash and cash equivalents	1,454.07	1,025.07	2,901.17	1,454.07	1,025.07	2,901.17
Bank Balances other than cash and cash equivalents	2,028.09	1,032.47	23.08	2,028.09	1,032.47	23.08
Trade Receivables	35.49	25.54	14.64	35.49	25.54	14.64
Other financial assets	861.35	659.59	17.43	861.35	659.59	17.43
Total Financial Assets	**46,033.89**	**33,639.93**	**14,902.81**	**46,033.89**	**34,417.39**	**15,382.69**
Financial liabilities						
Debt Securities	13,719.64	10,147.13	-	13,856.50	10,273.71	-
Borrowings (Other than Debt Securities)	15,529.89	12,965.08	9,324.57	15,560.59	12,970.57	9,324.68
Subordinated Liabilities	201.56	201.55	10.09	228.81	226.52	10.09
Other Financial liabilities	435.21	145.14	259.52	435.21	145.14	259.52
Total Financial Liabilities	**29,886.30**	**23,458.90**	**9,594.18**	**30,081.11**	**23,615.94**	**9,594.29**

The financial asset above does not include investment in subsidiary, which is measured at cost in accordance with Ind AS 27.

The management assessed that carrying value of financial asset (except loan portfolio) 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.

39.5: Fair Value Hierarchy of assets and liabilities

Fair value measurement

I. The carrying amount and fair value measurement hierarchy for assets and liabilities as at March 31, 2019 is as follows:

Assets

Particulars	Fair value through profit and loss					
	Carrying Value	Fair Value	Level -1	Level - 2	Level-3	Total
Investment in equity shares	1.00	1.00	-	-	1.00	1.00
Total	**1.00**	**1.00**	**-**	**-**	**1.00**	**1.00**

Particulars	At Fair Value through OCI					
	Carrying Value	Fair Value	Level -1	Level - 2	Level-3	Total
Loan Portfolio	41,653.89	41,653.89	-	41,653.89	-	41,653.89
Total	**41,653.89**	**41,653.89**	**-**	**41,653.89**	**-**	**41,653.89**

Liabilities

Particulars	At amortized cost					
	Carrying Value	Fair Value	Level -1	Level - 2	Level-3	Total
Debt Securities	13,719.64	13,856.50	-	13,856.50	-	13,856.50
Borrowings (Other than Debt Securities)	15,529.89	15,560.59	-	15,560.59	-	15,560.59
Subordinated Liabilities	201.56	228.81	-	228.81	-	228.81
Total	**29,451.09**	**29,645.90**	**-**	**29,645.90**	**-**	**29,645.90**

(Rupees in millions unless otherwise stated)

II. The carrying amount and fair value measurement hierarchy for assets as at March 31, 2018 is as follows:

Assets

Particulars	Fair value through profit and loss					
	Carrying Value	Fair Value	Level -1	Level - 2	Level-3	Total
Investment in equity shares	1.00	1.00	-	-	1.00	1.00
Total	**1.00**	**1.00**	**-**	**-**	**1.00**	**1.00**

Particulars	At amortized cost					
	Carrying Value	Fair Value	Level -1	Level - 2	Level-3	Total
Loan Portfolio	30,896.26	31,673.72	-	31,673.72	-	31,673.72
Total	**30,896.26**	**31,673.72**	**-**	**31,673.72**	**-**	**31,673.72**

Liabilities

Particulars	At amortized cost					
	Carrying Value	Fair Value	Level -1	Level - 2	Level-3	Total
Debt Securities	10,147.13	10,273.71	-	10,273.71	-	10,273.71
Borrowings (Other than Debt Securities)	12,965.08	12,970.57	-	12,970.57	-	12,970.57
Subordinated Liabilities	201.55	226.52	-	226.52	-	226.52
Total	**23,313.77**	**23,470.81**	**-**	**23,470.81**	**-**	**23,470.81**

III. The carrying amount and fair value measurement hierarchy for assets as at March 31, 2017 is as follow (Proforma):

Assets

Particulars	Fair value through profit and loss					
	Carrying Value	Fair Value	Level -1	Level - 2	Level-3	Total
Investment in equity shares	1.00	1.00	-	-	1.00	1.00
Total	**1.00**	**1.00**	**-**	**-**	**1.00**	**1.00**

Particulars	At amortized cost					
	Carrying Value	Fair Value	Level -1	Level - 2	Level-3	Total
Loan Portfolio	11,945.49	12,425.37	-	12,425.37	-	12,425.37
Total	**11,945.49**	**12,425.37**	**-**	**12,425.37**	**-**	**12,425.37**

Liabilities

Particulars	At amortized cost					
	Carrying Value	Fair Value	Level -1	Level - 2	Level-3	Total
Debt Securities	-	-	-	-	-	-
Borrowings (Other than Debt Securities)	9,324.57	9,324.68	-	9,324.68	-	9,324.68
Subordinated Liabilities	10.09	10.09	-	10.09	-	10.09
Total	**9,334.66**	**9,334.77**	**-**	**9,334.77**	**-**	**9,334.77**

Valuation technique used

For Loan Portfolio

The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the Balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month. Further the overdue cash flows upto 90 Days (upto stage 2) are discounted assuming they will be received in the third month. Fairvalue of cash flows for stage 3 loans are assumed as carrying value less provision for expected credit loss.

For Borrowing

The fair value of fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rate being charged for new borrowings.
The fair value of floating rate borrowing is deemed to equal its carrying value.

For Investment in Equity Instrument

Other equity instruments, the company has assessed the carrying value as an approximation of the fair value.

There have been no transfer between Level 1, 2 and 3 during the year ended March 31, 2019, March 31, 2018 and March 31, 2017.

39.6: Capital Management

The Company's objective for capital management is to maximize shareholders' 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 flows 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. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

The Company has a board approved policy on resource planning which states that the resource planning of the Company shall be based on its Asset Liability Matching (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.

(Rupees in millions unless otherwise stated)

39.7: First Time adoption

The Company has prepared its Ind AS compliant financial statements for year ended on March 31, 2019, the comparative periods ended on March 31, 2018 and March 31, 2017 , as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements as at and for the years ended March 31, 2018 and March 31, 2017.

For years ended upto the year ended March 31, 2018, the Company had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

Exemption availed:

Optional exemption
1. Lease arrangements
Appendix C to Ind AS 17 requires entity to assess whether contract or arrangement contains a lease. In accordance with same, this assessment should be carried out at the inception of arrangement. However, the Company has used exemption under Ind AS 101 and assessed all arrangements based on conditions in place as on date of transition.

2. Property, plant, equipment & intangible assets
On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets as at March 31, 2017, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets as on March 31, 2017.

Mandatory exemptions
1. Estimates
An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

2. Classification and measurement of financial assets
Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to IND AS.

Reconciliation of Equity under Ind AS and previous GAAP	**Note below**	**March 31, 2018**	**March 31, 2017 (Proforma)**
Total equity as per previous GAAP		9,842.37	5,372.36
OCRPS included in other liabilities	E	(0.09)	(0.09)
Borrowings		-	
Measurement of financial liabilities at amortised cost using EIR method	C	115.00	235.45
Loan Portfolio		-	
Measurement of financial assets at amortised cost using EIR method	A	(216.61)	(78.47)
Interest income recognised on Stage III loan portfolio	B	64.95	48.80
Impairment on financial instruments	B	180.40	(531.90)
Others		-	
Re-recognition of securitization arrangement (net)	D	79.74	-
Recognition of Deferred Tax Asset	F	3,840.84	4,214.97
Adjustment of prior period items to the relevant period*		-	14.57
Total equity as per Ind -AS		**13,906.60**	**9,275.69**

*pertains to commission income less accrued in financial year 2016-17 which was recorded in financial year 2017-18 under previous GAAP. The same is posted in the period to which it relates to under Ind AS

Reconciliation of Profit under Ind AS and previous GAAP	**March 31, 2018**	**March 31, 2017 (Proforma)**
Profit as per previous GAAP	1718.52	529.49
Loan Portfolio		
Measurement of financial assets at amortised cost using EIR method	(138.14)	(0.16)
Impairment on financial instruments	663.50	(605.17)
Interest income recognised / (reversal) on Stage III loan portfolio	64.95	43.41
Borrowings		
Measurement of financial liabilities at amortised cost using EIR method	(120.46)	235.46
Others		
Re-recognition of securitization arrangement (net)	79.76	-
Recognition of Deferred tax charge	(374.13)	4,214.96
Adjustment of prior period items to the relevant period	(14.57)	14.57
Total Profit as per Ind-AS	**1,879.43**	**4,432.56**

(Rupees in millions unless otherwise stated)

Notes to Reconciliation of the previous GAAP and Ind AS:

Loan portfolio
A. Under previous GAAP, loan processing fees received in connection with loans portfolio is recognized upfront and credited to profit or loss for the year.
Under Ind AS, loan processing fee is credited to profit and loss using the effective interest rate method. The unamortized portion of loan processing fee is adjusted from the loan portfolio.

B. Under the Ind AS, allowance is provided on the loans given to customers is provided on the basis of percentage obtained by evaluating the loss of the previous years and management expectations for future losses. Under the previous GAAP the allowance is provided on the basis of percentage decided by the management. Under Ind AS, interest income is also recognized on Stage III loans, whereas under previous GAAP, interest is not recognized on Stage III loans.

Borrowings
C. Under previous GAAP, transaction costs incurred in connection with borrowings are recognised upfront and charged to profit or loss for the year. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

Securitisation Arrangement
D. The Company has entered into securitization transaction. The Company has de-recognized the securitised assets under previous GAAP as the same meets the de-recognition criteria as per previous GAAP. However, as per Ind AS, as the Company has not transferred substantially all the risks and rewards, the securitized asset has been recognised in the books and a corresponding liability is also recognized. The transferred asset and the corresponding liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Optionally Convertible Redeemable Preference Shares (OCRPS)
E. Under previous GAAP, the Company had recognised balance in OCRPS as equity. Based on assessment of terms associated with such OCRPS, the instruments do not meet the condition of an equity instrument as per Ind AS 32 and accordingly have been classified as financial liability as at March 31, 2017 and March 31, 2018.

Deferred Tax Asset (DTA)
F. The Company has recognized Deferred Tax Asset in view of reasonable certainty of future taxable profits prescribed under Ind AS as against the condition of virtual certainty of future taxable profits supported by convincing evidence which was required to be fulfilled under previous GAAP.

39.8: Employee Benefit Plans

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 subject to limit of Rs.2,000,000 as per The Payment of Gratuity Act, 1972. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarized the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

Movement in defined benefit obligations

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Defined benefit obligation as at the beginning of the year	21.65	19.18	15.70
Current service cost	3.65	3.58	2.72
Interest on defined benefit obligation	1.61	1.34	1.19
Remeasurements- Actuarial (gain)/ Loss on total liabiities	3.75	0.53	3.40
Benefits paid	(3.04)	(2.98)	(3.83)
Defined benefit obligation as at the end of the year	**27.62**	**21.65**	**19.18**

Movement in plan assets

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Fair value of plan assets as at the beginning of the year	17.75	13.19	14.92
Actual return on plan assets	2.00	1.04	2.10
Actuarial gains	-	-	-
Employer contributions	7.50	6.50	-
Benefits paid	(3.04)	(2.98)	(3.83)
Fair value of plan assets as at the end of the year	**24.21**	**17.75**	**13.19**

Balance Sheet
Amount recognised in balance sheet

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Present value of obligations	27.62	21.65	19.18
Fair value on plan assets	24.21	17.75	13.19
Net defined benefit liability recognised in balance sheet	**3.41**	**3.90**	**5.99**

Expenses charged to the statement of profit and loss

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Current service cost	3.65	3.58	2.72
Interest Cost	0.29	0.42	0.06
Total	**3.94**	**4.00**	**2.78**

Remeasurement gains/(losses) in the other comprehensive income

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Remeasurements- Actuarial Gain / (Loss)	(3.07)	(0.41)	(2.42)
Amount recognised under Other Comprehensive Income	**(3.07)**	**(0.41)**	**(2.42)**

(Rupees in millions unless otherwise stated)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Category of Assets	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Fund managed by Insurer	100%	100%	100%
Total	**100%**	**100%**	**100%**

Summary of Actuarial Assumptions

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Discount rate	7.05%	7.44%	7.00%
Expected return on plan assets	7.44%	7.00%	7.60%
Rate of Increase in compensation levels	10.00%	10.00%	13.00%
Retirement age (years)	58	58	58

A quantitative sensitivity analysis for significant assumptions as at the balance sheet date are as shown below:

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Discount rate (+0.5%)	(0.33)	(0.25)	(0.24)
Discount rate (-0.5%)	0.34	0.25	0.25
Salary Inflation (+1%)	0.63	0.47	0.45
Salary Inflation (-1%)	(0.60)	(0.45)	(0.43)
Withdrawal Rate (+5%)	(0.88)	(0.54)	(0.78)
Withdrawal Rate (-5%)	1.10	0.67	1.03

Projected plan cash flow

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Year 1	7.29	5.92	4.76
Year 2	5.81	4.69	3.99
Year 3	4.62	3.74	3.24
Year 4	3.78	2.96	2.65
Year 5	3.13	2.35	2.15
After year 5	9.00	6.80	6.84

Discount rate: The discount rate is based on the 5 years government bond yields as at the balance sheet date for the estimated term of the obligations.

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.

Salary escalation rate: The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

(Rupees in millions unless otherwise stated)

39.9: Leases

Operating lease where the Company is a lessee

The Company's significant leasing arrangements are in respect of operating leases of office premises (Head office and branch office). The branch office premises are generally rented on cancellable term of eleven months with or without escalation clause, however none of the branch lease agreement carries non-cancellable lease periods. The head office premises have been obtained on a lease term of nine to eleven years with an escalation clause of fifteen percent at a three years interval. There are no sub-leases.

Lease payments during the period are charged to statement of profit and loss.

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Operating lease payments recognized in the Statement of Profit & Loss	36.16	47.23	63.34

Minimum lease obligations

Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Not later than one year	6.61	9.54	14.67
Later than one year and not later than five years	3.85	10.46	5.69
Later than five years	-	-	-

39.10: Amount payable to micro small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

As at March 31, 2019, March 31, 2018 & March 31, 2017, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

39.11: Risk Management and financial objectives

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 procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted 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 taking 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.

a. 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 client selection. Measures such as verifying client details, online documentation and the 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.

In order to mitigate the impact of credit risk in the future profitability, the Company makes reserves basis the expected credit loss (ECL) model for the outstanding loans as balance sheet date.

The below discussion describes the Company's approach for assessing impairment as stated in annexure 6 of the significant accounting policies.

A) Probability of default (PD)

Old AP Portfolio

Considering that the old AP portfolio has already defaulted, there is no further requirement to estimate any probability of default. Accordingly, the Company is carrying a 100% loss reserve against the Old AP portfolio.

New portfolio

The Company determines PD on a collective basis by stratifying the entire portfolio into meaningful categories as discussed below.

The Company uses historical vintage information of its loan portfolio to estimate PD. Based on uncertainties and risks arising from its operations in different geographical states in the country, the Company bifurcates the entire portfolio into different states. Further the Company performs analysis of its defaults in various states over different observation periods. Such observation time frame varies depending upon the type of underlying assets analysed by the Company i.e. for Stage II, the timeframe used is more than 1 year.

In determining the above PD's, an effort is made to eliminate outliers for a particular observation period which are not likely to happen in future. Accordingly, the Company determines PD for each state depending upon the underlying classification of asset (i.e. Stage I or Stage II).

(Rupees in millions unless otherwise stated)

A summary of PD rates determined by the Company for its portfolio are as follows:

State	March 31, 2017 (Proforma)		March 31, 2018		March 31, 2019	
	Stage-I	Stage-II	Stage-I	Stage-II	Stage-I	Stage-II
Madhya Pradesh	0.22%	71.98%	0.27%	63.63%	0.42%	70.88%
Orissa	0.06%	66.61%	0.10%	67.60%	0.14%	80.30%
Karnataka	0.11%	36.70%	0.16%	36.08%	0.28%	43.66%
Maharashtra	0.12%	53.64%	0.23%	52.90%	0.48%	78.70%
Chhattisgarh	0.20%	80.90%	0.16%	81.69%	0.33%	84.86%
Jharkhand	0.09%	77.30%	0.35%	80.25%	0.37%	79.13%
Kerala	0.18%	45.00%	0.62%	48.43%	1.65%	72.29%
Andhra Pradesh	5.95%	57.00%	3.91%	56.90%	1.55%	56.90%
Gujarat	0.62%	78.92%	0.94%	78.92%	0.67%	82.30%
Bihar	0.00%	0.00%	0.00%	0.00%	0.02%	0.00%
Rajasthan	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Others	0% -21.48%	0% -75.54%	0% -20.56%	0% -78.04%	0% -7.73%	0% -78.04%

Based on its review of macro-economic developments and economic outlook, the Company has assessed that no adjustment is required for temporary overlays to determine qualitative impact on its PD's as at March 31, 2019, March 31, 2018 and March 31, 2017.

B) Exposure at default (EAD)

The outstanding balances as at the reporting date is considered as EAD by the Company. Considering that the PD determined above factors in amount at default, there is no separate requirement to estimate EAD.

C) Loss given default

The Company determines its expectation of lifetime loss by estimating recoveries towards its entire loan portfolio at state level through analysis of historical information. The Company determines its recovery rates by analysing the recovery trends over different periods of time after a loan has defaulted. Based on its analysis of historical trends, the Company has assessed that significant recoveries happen in the year in which default has occurred. Accordingly, it believes no significant difference arise from discounting such recoveries for determining ultimate loss rates. In estimating LGD, the Company reviews macro-economic developments taking place in the economy.

A summary of LGD rates determined by the Company are given below:

State	March 31, 2017 (Proforma)	March 31, 2018	March 31, 2019
Madhya Pradesh	96.04%	91.53%	92.20%
Orissa	42.43%	64.70%	83.12%
Karnataka	95.34%	95.18%	93.64%
Maharashtra	96.16%	92.77%	95.79%
Chhattisgarh	97.43%	97.18%	93.07%
Jharkhand	96.28%	96.17%	77.90%
Kerala	85.81%	87.80%	77.70%
Andhra Pradesh	92.13%	91.49%	91.49%
Gujarat	98.85%	98.85%	90.39%
Bihar	0.00%	0.00%	0.00%
Rajasthan	0.00%	0.00%	0.00%
Others	0% -93.46%	0% -92.89%	0% -92.66%

Analysis of concentration risk is as follows:-

States	March 31, 2017 (Proforma)	March 31, 2018	March 31, 2019
Madhya Pradesh	21.31%	22.12%	21.33%
Orissa	22.77%	18.86%	20.05%
Karnataka	18.61%	22.49%	13.36%
Maharashtra	13.49%	13.83%	11.49%
Chhattisgarh	9.49%	7.48%	9.08%
Jharkhand	4.94%	4.48%	5.18%
Kerala	3.53%	3.18%	4.57%
Andhra Pradesh	1.71%	3.09%	4.45%
Gujarat	2.85%	2.94%	2.99%
Bihar	0.01%	0.39%	2.63%
Rajasthan	0.00%	0.02%	2.24%
Others	1.27%	1.11%	2.63%
Total	**100.00%**	**100.00%**	**100.00%**

(Rupees in millions unless otherwise stated)

b. Liquidity risk

Liquidity risk refers to the risk that the Company may not meet its financial obligations. Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generates sufficient cash flows from operating and financing activities to meet its financial obligations as and when they fall due. Our resource mobilization team sources funds from multiple sources, including from banks, financial institutions and capital markets to maintain a healthy mix of sources. The resource mobilization team is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies to ensure the liquidity risk is well addressed. In order to reduce dependence on a single lender, the Company has adopted a cap on borrowing from any single lender at 25%. The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. Company has a asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement. The ALM Policy prescribes the detailed guidelines for managing the liquidity risk

The tables below provide details regarding the contractual maturities of significant financial assets and liabilities as on:-

Maturity pattern of assets and liabilities as on March 31, 2019:

Particulars	Upto 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
Borrowings*	2,021.05	3,874.70	2,365.34	7,565.55	7,429.18	8,667.79	55.15	213.07	**32,191.83**
Other Financial Liabilities	435.21	-	-	-	-	-	-	-	**435.21**
Advances	4,911.50	4,544.09	3,553.41	10,815.35	14,485.10	9,123.83	182.90	5.79	**47,621.97**
Other Financial Assets	1,781.10	87.57	83.18	364.00	843.23	1,219.93	-	646.34	**5,025.35**

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities

Maturity pattern of assets and liabilities as on March 31, 2018:

Particulars	Upto 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
Borrowings*	1,488.24	1,712.42	1,710.23	5,887.33	8,533.04	6,197.46	60.00	238.22	**25,826.94**
Other Financial Liabilities	145.14	-	-	-	-	-	-	-	**145.14**
Advances	2,778.68	2,878.92	2,588.47	7,567.34	12,274.29	8,157.10	144.37	6.38	**36,395.55**
Other Financial Assets	1,050.62	0.33	-	2.84	1,131.74	557.14	-	21.00	**2,763.67**

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities

Proforma maturity pattern of assets and liabilities as on March 31, 2017:

Particulars	Upto 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
Borrowings*	96.73	158.09	148.13	1,630.58	3,132.80	5,769.69	-	-	**10,936.02**
Other Financial Liabilities	259.52	-	-	-	-	-	-	-	**259.52**
Advances	1,803.87	1,693.46	1,428.65	3,320.26	2,922.02	2,538.77	123.79	-	**13,830.82**
Other Financial Assets	2,916.35	0.11	-	-	-	39.86	-	1.00	**2,957.32**

*Represents debt securities, borrowings (other than debt securities) and subordinated liabilities

c. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company is exposed to two types 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 Asset 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 loans given.

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:

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Finance Cost			
0.50 % Increase	(16.64)	(13.11)	(0.11)
0.50 % Decrease	16.64	13.11	0.11

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.

(Rupees in millions unless otherwise stated)

39.12: Transfer of financial assets

a. Securitisation Transaction:

During the year, the Company has entered into securitisation arrangement with various parties. Under such arrangement, the Company has transferred a pool of loan portfolio, which does not fulfil the derecognition criteria specified under Ind AS 109 as the Company has concluded that risk and rewards with respect to these assets are not substantially transferred.

Following such transfer, the Company's involvement in these assets is as follows:

- As a servicer of the transferred assets
- To the extent of credit enhancements provided to such parties

The value of Financial assets and liabilities as on :-

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
Carrying amount of assets	6,638.38	6,846.03	-
Carrying amount of associated liabilities	7,719.66	7,468.08	-
Fair value of assets	6,727.73	6,832.02	-
Fair value of associated liabilities	7,804.93	7,519.92	-

b. Assignment Transaction:

During the year ended 31st Mar 2019, the Company has sold some loans and advances measured at amortised cost 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 derecognised.

The management has evaluated 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 derecognised financial assets measured at fair value and the gain/(loss) on derecognition, per type of asset

Particulars	For year ended March 31, 2019	For year ended March 31, 2018	For year ended March 31, 2017 (Proforma)
Carrying amount of derecognised financial assets	1,403.81	-	-
Gain/(loss) from derecognition	156.13	-	-

Since the company transferred the above financial asset in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognised on the date of derecognition itself as interest only strip receivable and correspondingly recognised as profit on derecognition of financial asset.

39.13: For the year ended March 31, 2019:

The Supreme Court has recently, delivered its ruling on the composition of basic wages for the purposes of deduction and contribution to the Employees Provident and Pension Funds. The Company, in the interest of its employees, awaits clarity on the complexities revolving around the application of the said order, the ambiguity reflected by the divergent views of the legal experts and the response/direction from the authorities, including representations made by an industry association in this regard.

39.14: Employee Stock Option Plan (ESOP)

The Company has provided various equity settled share based payment schemes to its employees. The details are ESOP scheme are as follows.

Particulars	Grant	Number of Options granted	Vesting Period(In years)	Vesting Conditions
ESOP Scheme 2018	Grant I	338,854	5	20% vests every year subject to continuance of services
	Grant II	817,500	4	30%, 30%, 20% and 20% vests every year subject to continuance of services
	Grant III	13,500	4	30%, 30%, 20% and 20% vests every year subject to continuance of services

Exercise period for all the above schemes is 9 years from the date of grant of the options.

The expense recognised for employee services received during the year ended March 31, 2019 is Rs.41.14 million.

a. The following table lists the input to the black scholes models used for the options granted during the year ended March 31, 2019

Particulars	Grant I	Grant II	Grant III
Date of Grant	13-Aug-18	13-Aug-18	7-Feb-19
Date of Board / Compensation/ Committee Approval	13-Aug-18	13-Aug-18	7-Feb-19
Number of Options Granted	338,854	817,500	13,500
Method of settlement	Equity	Equity	Equity
Graded Vesting Period			
Day following the expiry of 12 months from grant	20%	30%	30%
Day following the expiry of 24 months from grant	20%	30%	30%
Day following the expiry of 36 months from grant	20%	20%	20%
Day following the expiry of 48 months from grant	20%	20%	20%
Day following the expiry of 60 months from grant	20%	NA	NA
Exercise Period	9 Years from the date of grant		
Vesting conditions	Employee must be in service at the time of vesting.		
Weighted average of remaining contractual Life in Years	8.37	8.37	8.86

(Rupees in millions unless otherwise stated)

b. The details of activity under ESOP Scheme 2018 Plan with an exercise price of Rs.263.35/- for the year ended March 31, 2019 have been summarised as below:

Particulars	Grant I	Grant II	Grant III
Granted during the year	338,854	817,500	13,500
Lapsed during the year	176,854	128,500	6,000
Outstanding at the end of the year *	**162,000**	**689,000**	**7,500**

*There are no options exercisable at the end of year.

c. Details of Stock Options granted during the year

The weighted fair value of stock option granted during the year ended March 31, 2019 was Rs. 147.90 for Grant I , Rs.143.67 for Grant II and Rs.192.91 for Grant III. The Black -Scholes Model has been used for computing the weighted average fair value considering the following:

Grant -I	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Share price on the date of Grant	263.34	263.34	263.34	263.34	263.34
Exercise Price	263.35	263.35	263.35	263.35	263.35
Expected Volatility(%)	46.12%	46.12%	46.12%	46.12%	46.12%
Life of the options granted in year	5.0	5.5	6.0	6.5	7.0
Risk Free Interest Rate(%)	7.86%	7.90%	7.90%	8.02%	8.02%
Expected dividend rate(%)	0.00%	0.00%	0.00%	0.00%	0.00%
Fair Value of the option	135.27	141.99	148.09	154.37	159.76

Grant -II	Tranche I	Tranche II	Tranche III	Tranche IV
Share price on the date of Grant	263.34	263.34	263.34	263.34
Exercise Price	263.35	263.35	263.35	263.35
Expected Volatility(%)	46.12%	46.12%	46.12%	46.12%
Life of the options granted in year	5.0	5.5	6.0	6.5
Risk Free Interest Rate(%)	7.86%	7.90%	7.90%	8.02%
Expected dividend rate(%)	0.00%	0.00%	0.00%	0.00%
Fair Value of the option	135.27	141.99	148.09	154.37

Grant -III	Tranche I	Tranche II	Tranche III	Tranche IV
Share price on the date of Grant	322.35	322.35	322.35	322.35
Exercise Price	263.35	263.35	263.35	263.35
Expected Volatility(%)	47.13%	47.13%	47.13%	47.13%
Life of the options granted in year	5.0	5.5	6.0	6.5
Risk Free Interest Rate(%)	7.28%	7.38%	7.38%	7.42%
Expected dividend rate(%)	0.00%	0.00%	0.00%	0.00%
Fair Value of the option	183.79	191.28	197.80	204.14

39.15: Disclosure of investing and financing transactions that do not require the use of cash and cash equivalents

For the year ended March 31, 2019

Name of instrument	Opening Balance	Converted into equity share capital	Premium added on conversion of preference shares into equity shares	Cash Flows	Closing Balance
CCPS Class A	2,350.00	(2,350.00)	-	-	-
CCPS Class B	7,910.08	(7,910.08)	-	-	-
CCPS Class A1	1,192.13	(1,192.13)	-	-	-
Share Warrants	14.89	(14.89)	-	-	-
OCRPS (all series)	0.10	(22.70)	-	22.60	-
Equity Share capital**	297.57	277.49	11,212.30	21.28	11,808.64
Total Borrowings	23,313.77	-	-	6,137.32	29,451.09
Total	**35,078.54**	**(11,212.31)**	**11,212.30**	**6,181.20**	**41,259.73**

** Closing balance of equity share capital includes premium amount added on conversion of CCPS (all class) into equity share capital.

For the year ended March 31, 2018

Name of instrument	Opening Balance	Converted into equity share capital	Premium added on conversion of preference shares into equity shares	Cash Flows	Closing Balance
Total Borrowings	9,334.66	-	-	13,979.11	23,313.77

(Rupees in millions unless otherwise stated)

For the year ended March 31, 2017 (Proforma)

Name of instrument	Opening Balance	Converted into equity share capital	Premium added on conversion of preference shares into equity shares	Cash Flows	Closing Balance
Total Borrowings	17,098.04	-	-	(7,763.38)	9,334.66

39.16: CSR Expenses

Particulars	March 31, 2019	March 31, 2018	March 31, 2017 (Proforma)
a) Gross amount required to be spent by the Company during the year	22.10	15.78	27.47
b) Amount spent during the year on purposes other than construction/acquisition of any asset	19.93	4.01	-
Paid	19.93	4.01	-
Yet to be paid	-	-	-
Total	19.93	4.01	-

39.17: The Company has certain litigations pending with income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liability where applicable in the financial statements.

39.18: Standards issued but not yet effective

Ind AS 116: leases

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 'Leases'. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.
The Company is evaluating the requirements of Ind AS 116 and its effect on the financial statements.

As per our report of even date
For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number : 301003E/E300005

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

per Shrawan Jalan
Partner
Membership No.102102

Padmaja Gangireddy
Managing Director
DIN: 00004842

Kartikeya Dhruv Kaji
Director
DIN: 07641723

Sudhesh Chandrasekar
Chief Financial Officer

Rakesh Jhinjharia
Company Secretary
Membership No. F8325

Place: Mumbai
Date: June 28, 2019

Place: Mumbai
Date: June 28, 2019

Auditors' Report on the restated standalone summary statement of assets and liabilities as at March 31, 2016 and 2015 and restated standalone summary statements of profit and loss and cash flows for each of the years ended March 31, 2016 and 2015 of Spandana Sphoorty Financial Limited (collectively, the "Restated Standalone Indian GAAP Summary Statements")

The Board of Directors
Spandana Sphoorty Financial Limited
Plot No. 31 & 32, Ramky Selenium Towers,
Tower A, Ground Floor, Financial District, Nanakramguda,
Hyderabad, Telangana – 500 032

Dear Sirs / Madams,

1. We have examined the attached Restated Standalone Indian GAAP Summary Statements of Spandana Sphoorty Financial Limited (the "Company") as at March 31, 2016 and 2015 and for each of the years ended March 31, 2016 and 2015, annexed to this report and prepared by the Company for the purpose of inclusion in the Red Herring Prospectus and Prospectus (collectively referred to as the "Offer Documents") in connection with its proposed initial public offer of equity shares of face value of Rs.10 each ("IPO"). The Restated Standalone Indian GAAP Summary Statements, which have been approved by the Board of Directors of the Company, have been prepared by the Company in accordance with the requirements of:

    a) Section 26 of Chapter III of the Companies Act, 2013, as amended (the "Act"); and

    b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992, as amended.

Management's Responsibility for the Restated Standalone Indian GAAP Summary Statements

2. The preparation of the Restated Standalone Indian GAAP Summary Statements, which are to be included in the Offer Documents, is the responsibility of the Management of the Company for the purpose set out in paragraph 12 below. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Standalone Indian GAAP Summary Statements. The Management is also responsible for identifying and ensuring that the Company complies with the Act and the ICDR Regulations.

Auditors' Responsibilities

3. We have examined such Restated Standalone Indian GAAP Summary Statements taking into consideration:

    a) the terms of reference and our engagement agreed with you vide our engagement letter dated May 31, 2019, requesting us to carry out work on such Restated Standalone Indian GAAP Summary Statements, proposed to be included in the Offer Documents of the Company in connection with the Company's proposed IPO;

    b) the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (the "Guidance Note"); and

    c) 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 and the ICDR Regulations in connection with the IPO.

4. The Company proposes to make an IPO which comprises a fresh issue of equity shares of Rs.10 each by the Company and an offer for sale by certain shareholders of the existing equity shares of Rs.10 each, at an issue price, to be arrived at by a book building process, as may be decided by the Board of Directors of the Company.

Restated Standalone Indian GAAP Summary Statements as per audited standalone financial statements

5. The Restated Standalone Indian GAAP Summary Statements have been compiled by the management from the audited standalone financial statements as at and for each of the years ended March 31, 2016 and 2015 which have been approved by the Board of Directors at their meetings held on July 7, 2016 and July 30, 2015, respectively. These audited standalone financial statements as at and for each of the years ended March 31, 2016 and 2015 were prepared by the Company 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.

6. For the purpose of our examination, we have relied on the Auditors' Report issued by us dated July 7, 2016 and July 30, 2015 on the standalone financial statements of the Company as at and for each of the years ended March 31, 2016 and 2015 respectively, as referred in Para 5 above.

7. Based on our examination, in accordance with the requirements of Section 26 of Chapter III of the Act, the ICDR Regulations and the Guidance Note, we report that:

   a) The restated standalone summary statement of assets and liabilities of the Company as at March 31, 2016 and 2015 examined by us, as set out in Annexure 1 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Standalone Statement of Material Adjustments and Regroupings.

   b) The restated standalone summary statement of profit and loss of the Company for each of the years ended March 31, 2016 and 2015 examined by us, as set out in Annexure 2 to this report, have been arrived at after making adjustments and regroupings/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Standalone Statement of Material Adjustments and Regroupings.

   c) The restated standalone summary statement of cash flows of the Company for each of the years ended March 31, 2016 and 2015 examined by us, as set out in Annexure 3 to this report, have been arrived at after making adjustments and regroupings/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Standalone Statement of Material Adjustments and Regroupings.

   d) Based on the above and according to the information and explanations given to us, we further report that:

      i) The Restated Standalone Indian GAAP Summary Statements have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;

      ii) The Restated Standalone Indian GAAP Summary Statements have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;

      iii) The Restated Standalone Indian GAAP Summary Statements do not contain any extra-ordinary items that need to be disclosed separately in the Restated Standalone Indian GAAP Summary Statements;

      iv) The Restated Standalone Indian GAAP Summary Statements do not contain any exceptional item that need to be disclosed separately other than those presented in the Restated Standalone Indian GAAP Summary Statements;

      v) There are no qualifications in the auditors' report on the audited financial statements as at and for each of the years ended March 31, 2016 and 2015, which require any adjustments to the Restated Standalone Indian GAAP Summary Statements; and

      vi) Other audit qualifications included in the Annexures to the auditors' reports issued under the Companies (Auditor's Report) Order, 2016 and 2015, as applicable, on the standalone financial statements for the years ended March 31, 2016 and 2015, which do not require any corrective adjustment in the Restated Standalone Indian GAAP Summary Statements, are as follows:

      A. Annexure to Auditors' Report for the year ended March 31, 2016:

      <u>Clause (vii) (a)</u>
      Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise , value added tax, cess and other material statutory dues have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

Clause (vii) (b)

According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute (Rs.) *	Amount paid (Rs.) **	Period to which its relates	Forum where dispute is pending
Chapter v of the Finance Act, 1994	Service Tax	56,852,171	8,000,000	Financial year from 2006-07 to 2011-12	Customs, Excise & Service Tax Appellate Tribunal ('CESTAT')

* Excluding interest and penalty, as applicable

** Paid under protest

Clause (viii)

According to the information and explanations given by the management, the Company has delayed in repayment of dues to financial institutions and banks during the year aggregating Rs.7,535,797,115 and Rs.3,258,512,178 of such dues were in arrears as on the balance sheet date. The lender wise details are tabulated as under:

Particulars	Amount of default as at Balance Sheet date (Rs.)	Period of default since *
Andhra Bank	73,927,512	15-Aug-15
Axis Bank	54,460,448	15-Oct-15
Bank of Baroda	45,684,654	15-Nov-14
Bank of India	17,487,791	30-Jun-15
BNP Paribas	35,763,412	31-Mar-12
Central Bank of India	123,706,471	31-Oct-15
Corporation Bank	42,272,229	31-Jul-15
Dhanalakshmi Bank	1,655,376	15-Nov-14
HDFC Bank	122,463,059	15-Aug-15
HSBC Bank	29,572,949	15-Feb-15
ICICI Bank	315,255,902	15-Dec-15
IDBI Bank	158,218,834	15-Jul-15
Indian Overseas Bank	211,590,353	31-Jul-15
Indian Overseas Bank	101,705,834	15-Jan-15
IndusInd Bank	53,033,477	30-Nov-15
Kotak Mahindra Bank	49,185,281	15-Sep-15
Jammu & Kashmir Bank	48,010,799	15-Dec-15
Karnataka Bank	8,823,899	15-Oct-15
Karur Vysya Bank	5,042,971	15-Feb-14
Lakshmi Vilas Bank	2,499,621	31-Dec-15
Manaveeya Holdings Private Limited	28,368,864	15-Feb-15
Oriental Bank of Commerce	20,625,223	15-Sep-15
Punjab and Sind Bank	91,340,447	31-Dec-15
Punjab National Bank	205,856,074	31-Aug-15
Rabo India Finance	50,306,314	15-Jan-15
SIDBI	374,054,927	15-Dec-15
South Indian Bank	64,991,769	15-May-15
Standard Charted Bank	188,556,909	15-Jun-15
State Bank of Hyderabad	36,826,862	15-Oct-15
State Bank of Mysore	38,697,165	15-Feb-14
State Bank of Patiala	30,166,223	15-Oct-15
State Bank of Travancore	82,934,798	15-Jul-15
Syndicate Bank	338,448,524	15-Feb-15
Tata Capital Limited	82,057,490	31-Oct-15
Vijaya Bank	66,553,712	15-Feb-15
Yes Bank	58,366,005	15-Dec-15
Total	**3,258,512,178**	

* Date since principal or interest is overdue

B. Annexure to Auditors' Report for the year ended March 31, 2015:

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases.

Clause (vii) (b)

According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates
The Andhra Pradesh Tax on Professions, Trades Callings and Employments Act, 1987	Professional Tax	89,820	March 2014 to September 2014
The Gujarat Panchayats, Municipalities, Municipal Corporations and State Tax On Professions, Traders, Callings and Employments Act, 1976		11,147	
The Orissa State Tax On Professions, Trades, Callings and Employments Act, 2000		12,700	
The Jharkhand Tax on Professions, Trades, Callings and Employments Act, 2011		6,319	
The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975		10,536	
The Orissa State Tax on Professions, Trades, Callings and Employments Act, 1975		8,741	
The Karnataka Tax On Professions, Trades, Callings And Employment Act, 1976		2,646	
Income Tax Act, 1961	Tax deductible at source (TDS) on foreign remittances	2,217,469	Financial year 2011-12

Clause (vii)(c)

According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute (Rs.)	Amount paid (Rs.) *	Period to which its relates	Forum where dispute is pending
Chapter V of the Finance Act, 1994	Service tax	95,257,094	9,200,000	Financial years 2004-05 to 2011-12	Customs Excise & Service Tax Appellate Tribunal
	Interest on service tax dues mentioned above	91,881,942			
	Penalty on service tax dues mentioned above	108,980,403			
Income Tax Act, 1961	Income Tax	2,646,451	2,646,451	Assessment Year 2010-11	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Income Tax	87,794,617	Nil #	Assessment Years 2010-11 and 2011-12	The Commissioner of Income Tax (Appeals)

* The Company has paid these amounts under protest.

No Payment required as the taxable income for the assessment year was Nil

Clause (viii)

The Company's accumulated losses at the end of the financial year are more than fifty percent of its networth. The Company has not incurred cash losses in the current and immediately preceding financial year.

Clause (ix)
Based on our audit procedures and as per the information and explanations given by the management, the Company has delayed in repayment of dues to financial institutions and banks during the year aggregating Rs.3,898,503,722 (the delays in such repayments ranging from 1 day to 352 days) and Rs.948,709,962 of such dues were in arrears as on the balance sheet date. Further, no repayments have been made by the Company to one lender, pending the finalization of the terms of the settlement with the lender and accordingly we are unable to comment as to whether there has been delay in the repayment of such debt or not. The overdue principal and interest remaining unpaid in respect of such lender as at March 31, 2015 is Rs.594,166,949 and Rs.224,869,668 respectively. The Company did not have any outstanding dues in respect of debenture holders during the year.

Clause (xii)
We have been informed that during the year there were instances of misappropriation of cash by the employees of the Company aggregating Rs.3,041,370; and loans given to non-existent borrowers on the basis of fictitious documentation created by the employees of the Company aggregating Rs.1,465,135. As informed, services of certain employees involved have been terminated and the Company is in the process of taking legal action against the employees, wherever necessary. The Company has made full provision for the outstanding balance (net of recovery) aggregating Rs.3,170,791.

Other Financial Information

8. At the Company's request, we have also examined the following restated standalone financial information proposed to be included in the Offer Documents, prepared by the Management and approved by the Board of Directors of the Company on June 28, 2019 and annexed to this report relating to the Company, as at and for each of the years ended March 31, 2016 and 2015:

i. Restated Standalone Statement of Share Capital, enclosed as Annexure 6;
ii. Restated Standalone Statement of Reserves and Surplus, enclosed as Annexure 7;
iii. Restated Standalone Statement of Long-term Borrowings, enclosed as Annexure 8;
iv. Restated Standalone Statement of Other Long-term Liabilities, enclosed as Annexure 9;
v. Restated Standalone Statement of Provision, enclosed as Annexure 10;
vi. Restated Standalone Statement of Other Current Liabilities, enclosed as Annexure 11;
vii. Restated Standalone Statement of Property, Plant and Equipment, enclosed as Annexure 12.1;
viii. Restated Standalone Statement of Intangible Assets, enclosed as Annexure 12.2;
ix. Restated Standalone Statement of Capital Work in Progress, enclosed as Annexure 12.3;
x. Restated Standalone Statement of Non-current Investments, enclosed as Annexure 13;
xi. Restated Standalone Statement of Loan Portfolio, enclosed as Annexure 14;
xii. Restated Standalone Statement of Other Loans and Advances, enclosed as Annexure 15;
xiii. Restated Standalone Statement of Other Assets, enclosed as Annexure 16;
xiv. Restated Standalone Statement of Trade receivables, enclosed as Annexure 17;
xv. Restated Standalone Statement of Cash and Bank Balances, enclosed as Annexure 18;
xvi. Restated Standalone Statement of Revenue from operations, enclosed as Annexure 19;
xvii. Restated Standalone Statement of Other Income, enclosed as Annexure 20;
xviii. Restated Standalone Statement of Employee Benefit Expenses, enclosed as Annexure 21;
xix. Restated Standalone Statement of Finance Costs, enclosed as Annexure 22;
xx. Restated Standalone Statement of Other Expenses, enclosed as Annexure 23;
xxi. Restated Standalone Statement of Provision and Write offs, enclosed as Annexure 24;
xxii. Restated Standalone Statement of Exceptional Items of Income/(Expense), enclosed as Annexure 25;
xxiii. Restated Standalone Statement of Earnings per share, enclosed as Annexure 26;
xxiv. Restated Standalone Statement of Tax Shelter, enclosed as Annexure 27;
xxv. Restated Standalone Statement of Additional Information, enclosed as Annexure 28;
xxvi. Restated Standalone Statement of Accounting Ratios, enclosed as Annexure 29;
xxvii. Statement of Dividend, enclosed as Annexure 30.

9. According to the information and explanations given to us, in our opinion, the Restated Standalone Indian GAAP Summary Statements and the above restated standalone statements contained in Annexures 6 to 30 accompanying this report, read with Restated Standalone Statement of Significant Accounting Policies disclosed in Annexure 5, are prepared after making adjustments and regroupings as considered appropriate and disclosed in Annexure 4 and have been prepared in accordance with Section 26 of Chapter III of the Act, the ICDR Regulations and the Guidance Note.

10. This report should not in any way be construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. Our report is intended solely for use of the management for inclusion in the Offer Documents to be filed with SEBI, BSE Limited, the National Stock Exchange of India Limited and the Registrar of Companies, Hyderabad in connection with the proposed IPO and is not to be used, referred to or distributed for any other purpose except with our prior consent in writing.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Shrawan Jalan
Partner
Membership No. 102102

Mumbai
June 28, 2019

Spandana Sphoorty Financial Limited
Annexure 1: Restated Standalone Summary Statement of Assets and Liabilities

(Rupees in Millions unless otherwise stated)

Particulars	Annexure	As at 31-Mar-16	As at 31-Mar-15
Equity and liabilities			
Shareholders' funds			
Share capital	**6**	8,113.89	8,279.97
Reserves and surplus	**7**	(6,272.99)	(8,641.81)
		1,840.90	(361.84)
Non-current Liabilities			
Long-term borrowings	**8**	-	3,752.49
Other long term liabilities	**9**	17.64	652.05
Long-term provisions	**10**	8,001.34	10,541.47
		8,018.98	14,946.01
Current liabilities			
Other current liabilities	**11**	11,023.59	8,828.18
Short-term provisions	**10**	115.48	112.34
		11,139.07	8,940.52
TOTAL		**20,998.95**	**23,524.69**
Assets			
Non-current assets			
Fixed assets			
Property, plant and equipment	**12.1**	121.79	42.67
Intangible assets	**12.2**	22.90	13.27
Capital work-in-progress	**12.3**	-	55.94
Non-current investments	**13**	1.00	1.00
Loan Portfolio	**14**	8,514.65	11,472.59
Other loans and advances	**15**	170.78	179.63
Other non-current assets	**16**	20.88	32.95
		8,852.00	11,798.05
Current assets			
Trade receivables	**17**	18.34	18.57
Cash and bank balances	**18**	353.26	590.90
Loan Portfolio	**14**	11,673.61	10,989.37
Other loans and advances	**15**	14.85	30.26
Other current assets	**16**	86.89	97.54
		12,146.95	11,726.64
TOTAL		**20,998.95**	**23,524.69**
Summary of significant accounting policies	**5.5**		

The accompanying annexures are an integral part of these statements

As per our report of even date
For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm's Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

per Shrawan Jalan
Partner
Membership No.102102

Padmaja Gangireddy
Managing Director
DIN: 00004842

Kartikeya Dhruv Kaji
Director
DIN: 07641723

Sudhesh Chandrasekar
Chief Financial Officer

Rakesh Jhinjharia
Company Secretary
Membership No: F8325

Place: Mumbai
Date: June 28, 2019

Place: Mumbai
Date: June 28, 2019

Spandana Sphoorty Financial Limited

Annexure 2: Restated Standalone Summary Statement of Profits and Losses

(Rupees in Millions unless otherwise stated)

Particulars	Annexure	For the year ended	
		31-Mar-16	**31-Mar-15**
Income			
Revenue from operations	**19**	3,438.62	3,019.71
Other income	**20**	49.44	234.35
Total revenue (I)		**3,488.06**	**3,254.06**
Expenses			
Employee benefits expenses	**21**	570.87	706.06
Finance costs	**22**	1,294.40	1,117.65
Other expenses	**23**	285.55	287.87
Depreciation and amortisation expenses	**12.1 & 12.2**	37.01	33.13
Provision and write-offs	**24**	106.82	50.53
Total expenses (II)		**2,294.65**	**2,195.24**
Profit before exceptional items and tax (III) = (I) - (II)		**1,193.41**	**1,058.82**
Exceptional items **(IV)**	**25**	1,238.94	-
Profit before tax (V) = (III) + (IV)		**2,432.35**	**1,058.82**
Tax expense			
Current tax		-	-
Deferred tax		-	-
Adjustment of tax relating to earlier periods		-	7.83
Total tax expense (VI)		**-**	**7.83**
Profit after tax (V) - (VI)		**2,432.35**	**1,050.99**
Nominal value per share		10.00	10.00
Earnings per equity share			
(including exceptional items)	**26**		
Basic (computed on the basis of total profit for the year)		119.34	51.88
Diluted (computed on the basis of total profit for the year)		2.94	1.23
Earnings per equity share			
(excluding exceptional items)	**26**		
Basic (computed on the basis of total profit for the year)		58.55	51.88
Diluted (computed on the basis of total profit for the year)		1.44	1.23
Summary of significant accounting policies	**5.5**		

The accompanying annexures are an integral part of these statements

As per our report of even date
For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm's Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

per Shrawan Jalan
Partner
Membership No.102102

Padmaja Gangireddy
Managing Director
DIN: 00004842

Kartikeya Dhruv Kaji
Director
DIN: 07641723

Sudhesh Chandrasekar
Chief Financial Officer

Rakesh Jhinjharia
Company Secretary
Membership No: F8325

Place: Mumbai
Date: June 28, 2019

Place: Mumbai
Date: June 28, 2019

Spandana Sphoorty Financial Limited
Annexure 3: Restated Standalone Summary Statement of Cash Flows

(Rupees in Millions unless otherwise stated)

	Particulars	For the year ended 31-Mar-16	For the year ended 31-Mar-15
A.	**Cash flow from operating activities**		
	Profit before tax	**2,432.35**	**1,058.82**
	Adjustments for :		
	Adjustments to reconcile profit before tax to net cash flows:	-	-
	Income recognized on SIDBI grant	-	(7.00)
	Depreciation and amortization	37.01	33.13
	Amortization of ancillary borrowing cost	20.36	9.59
	(Profit) / loss on sale of fixed assets	9.46	(0.79)
	Contingent provision against standard assets	0.11	30.24
	Excess provision for non-performing assets	(2,537.02)	(1,527.31)
	Provision for non-performing assets	-	-
	Portfolio loans written off	2,643.74	1,407.60
	Loss on assigned loans	-	140.00
	Dividend from mutual funds	(4.63)	(4.74)
	Excess provisions no longer required	(1,246.24)	(189.61)
	Other provisions and write offs	33.78	11.18
	Unrealized foreign exchange loss	0.35	1.08
	Operating profit before working capital changes	**1,389.27**	**962.19**
	Movements in working capital :		
	Increase / (decrease) in other current liabilities	762.28	74.71
	Increase / (decrease) in other long term liabilities	(634.42)	(28.36)
	Decrease / (increase) in trade receivables	0.23	(16.95)
	Decrease / (increase) in loans and advances	(381.73)	(2,818.64)
	Decrease / (increase) in other current and non-current assets	4.07	2.83
	Cash used in operations	**1,139.70**	**(1,824.22)**
	Direct taxes paid (net of refunds)	(0.36)	5.67
	Net cash used in operating activities (A)	**1,139.34**	**(1,818.55)**
B.	**Cash flow from investing activities :**		
	Purchase of fixed assets (including capital work in progress and capital advances)	(104.07)	(77.58)
	Proceeds from sale of fixed assets	5.45	1.14
	Purchase of current investments	(1,790.00)	(2,690.00)
	Sale of current investments	1,790.00	2,690.00
	Dividend from mutual funds	4.63	4.74
	Margin money deposits (net)	(1.71)	1.53
	Net cash used in investing activities (B)	**(95.70)**	**(70.17)**
C.	**Cash flow from financing activities :**		
	Redemption of OCCRPS (including premium on redemption)	(700.40)	(1,065.04)
	Proceeds from issue of equity shares	-	50.00
	Repayment of long-term borrowings	(4,160.72)	(3,111.05)
	Receipt of long-term borrowings	3,579.84	6,372.96
	Receipt of short-term borrowings	-	60.00
	Repayment of short-term borrowings	-	(85.00)
	Net cash from financing activities (C)	**(1,281.28)**	**2,221.87**
	Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**(237.64)**	**333.15**
	Cash and cash equivalents as at the beginning of the year	590.90	257.75
	Cash and cash equivalents as at end of the year (refer Annexure 18)	**353.26**	**590.90**
	Components of cash and cash equivalents at the end of the year		
	Cash on hand	2.04	10.47
	Balance with banks - on current account	351.22	580.43
	Components of cash and cash equivalents at the end of the year	**353.26**	**590.90**

Summary of significant accounting policies **5.5**

The accompanying annexures are an integral part of these statements

As per our report of even date
For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm's Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

per Shrawan Jalan
Partner
Membership No.102102

Padmaja Gangireddy
Managing Director
DIN: 00004842

Kartikeya Dhruv Kaji
Director
DIN: 07641723

Sudhesh Chandrasekar
Chief Financial Officer

Rakesh Jhinjharia
Company Secretary
Membership No: F8325

Place: Mumbai
Date: June 28, 2019

Place: Mumbai
Date: June 28, 2019

Spandana Sphoorty Financial Limited
Annexure 4: Restated Standalone Statement of Material Adjustments and regroupings

(Rupees in Millions unless otherwise stated)

4.1 Material adjustments

The summary of restatements made in the audited financial statements for the respective years and its impact on the profits of the Company is as follows:

Particulars	**For the year ended**	
	31-Mar-16	**31-Mar-15**
Net Profit as per Audited Financial Statements (A)	**2,432.35**	**1,045.49**
Adjustments for restatement (Decrease) / Increase in profits		
Adjustments for prior period items		
Expenses pertaining to FY 2013-14 recorded in FY 2014-15	-	5.50
Total effect of adjustment on Profit Before Tax (B)	**-**	**5.50**
Tax Adjustment		
Deferred Tax*	-	-
Total Tax adjustment (C)	**-**	**-**
Net Effect of increase / (decrease) in profit on adjustment after tax (D)= (B)-(C)	**-**	**5.50**
Net profit for the year ended (E)= (A)+(D) as restated	**2,432.35**	**1,050.99**

** No deferred tax assets have been recognised in accordance with the requirements of virtual certainty with convincing evidence of future taxable profits, prescribed under Accounting Standard 22.*

4.2 Restatement adjustment made in the audited opening balance of the surplus balance in the statement of profit and loss as at April 1, 2014.

Particulars	**Amount (Rs. in Millions)**
Net surplus /(deficit) in the statement of profit and loss as at April 1, 2014	(11,805.67)
Restatement adjustments for:	
Prior Period Items	
Expenses pertaining to FY 2013-14 recorded in FY 2014-15	5.50
Net deficit in the statement of profit and loss as at April 1, 2014 (as restated)	**(11,811.17)**

(Rupees in Millions unless otherwise stated)

4.3 Non adjusting items

i) Other audit qualifications included in the Annexures to the auditors’ reports issued under the Companies (Auditor’s Report) Order, 2016, 2015 and 2003 (as amended), respectively on the financial statements for the years ended March 31, 2016 and 2015, which do not require any corrective adjustment in the Restated Standalone Summary Statements, are as follows:

A. For the year ended March 31, 2016:

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise , value added tax, cess and other material statutory dues have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

Clause (vii) (b)

According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute (Rs. millions)*	Amount paid (Rs. millions)**	Period to which its relates	Forum where dispute is pending
Chapter v of the Finance Act, 1994	Service Tax	56.85	8.00	Financial year from 2006-07 to 2011-12	Customs, Excise & Service Tax Appellate Tribunal (‘CESTAT’)

* Excluding interest and penalty, as applicable

** Paid under protest

Clause (viii)

According to the information and explanations given by the management, the Company has delayed in repayment of dues to financial institutions and banks during the year aggregating Rs.7,535.80 millions and Rs.3,258.51 millions of such dues were in arrears as on the balance sheet date. The lender wise details are tabulated as under:

Particulars	Amount of default as at Balance Sheet date (Rs. millions)	Period of default since*
Andhra Bank	73.93	15-Aug-15
Axis Bank	54.46	15-Oct-15
Bank of Baroda	45.68	15-Nov-14
Bank of India	17.49	30-Jun-15
BNP Paribas	35.76	31-Mar-12
Central Bank of India	123.71	31-Oct-15
Corporation Bank	42.27	31-Jul-15
Dhanalakshmi Bank	1.66	15-Nov-14
HDFC Bank	122.46	15-Aug-15
HSBC Bank	29.57	15-Feb-15
ICICI Bank	315.26	15-Dec-15
IDBI Bank	158.20	15-Jul-15
Indian Overseas Bank	211.59	31-Jul-15
Indian Overseas Bank	101.71	15-Jan-15
Induslnd Bank	53.03	30-Nov-15
Kotak Mahindra Bank	49.19	15-Sep-15
Jammu & Kashmir Bank	48.01	15-Dec-15
Karnataka Bank	8.82	15-Oct-15
Karur Vysya Bank	5.04	15-Feb-14
Lakshmi Vilas Bank	2.50	31-Dec-15
Manaveeya Holdings Private Limited	28.37	15-Feb-15
Oriental Bank of Commerce	20.63	15-Sep-15
Punjab and Sind Bank	91.34	31-Dec-15
Punjab National Bank	205.86	31-Aug-15
Rabo India Finance	50.31	15-Jan-15
SIDBI	374.05	15-Dec-15
South Indian Bank	64.99	15-May-15
Standard Charted Bank	188.56	15-Jun-15
State Bank of Hyderabad	36.83	15-Oct-15
State Bank of Mysore	38.70	15-Feb-14
State Bank of Patiala	30.17	15-Oct-15
State Bank of Travancore	82.93	15-Jul-15
Syndicate Bank	338.45	15-Feb-15
Tata Capital Limited	82.06	31-Oct-15
Vijaya Bank	66.55	15-Feb-15
Yes Bank	58.37	15-Dec-15
Total	**3,258.51**	

*Date since principal or interest is overdue

B. For the year ended March 31, 2015:

Clause (vii) (a)

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases.

Clause (vii) (b)

According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows

Name of the statute	Nature of the dues	Amount (Rs. millions)	Period to which the amount relates
The Andhra Pradesh Tax on Professions, Trades Callings and Employments Act, 1987	Professional Tax	0.09	March 2014 to September 2014
The Gujarat Panchayats, Municipalities, Municipal Corporations and State Tax On Professions, Traders, Callings and Employments Act, 1976		0.01	
The Orissa State Tax On Professions, Trades, Callings and Employments Act, 2000		0.01	
The Jharkhand Tax on Professions, Trades, Callings and Employments Act, 2011		0.01	
The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975		0.01	
The Orissa State Tax on Professions, Trades, Callings and Employments Act, 1975		0.01	
The Karnataka Tax On Professions, Trades, Callings And Employment Act, 1976		0.00	
Income Tax Act, 1961	Tax deductible at source (TDS) on foreign remittances	2.22	Financial year 2011-12

Clause (vii)(c)

According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute (Rs. millions)	Amount paid* (Rs. millions)	Period to which its relates	Forum where dispute is pending
Chapter V of the Finance Act, 1994	Service tax	95.26	9.20	Financial years 2004-05 to 2011-12	Customs Excise & Service Tax Appellate Tribunal
	Interest on service tax dues mentioned above	91.88			
	Penalty on service tax dues mentioned above	108.98			
Income Tax Act, 1961	Income Tax	2.65	2.65	Assessment Year 2010-11	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	87.79	Nil#	Assessment Years 2011-12 and 2012-13	The Commissioner of Income Tax (Appeals)

*The Company has paid these amounts under protest.

#No Payment required as the taxable income for the assessment year was Nil

Clause (viii)

The Company's accumulated losses at the end of the financial year are more than fifty percent of its networth. The Company has not incurred cash losses in the current and immediately preceding financial year.

Clause (ix)

Based on our audit procedures and as per the information and explanations given by the management, the Company has delayed in repayment of dues to financial institutions and banks during the year aggregating Rs.3,898.50 millions (the delays in such repayments ranging from 1 day to 352 days) and Rs.948.71 millions of such dues were in arrears as on the balance sheet date. Further, no repayments have been made by the Company to one lender, pending the finalization of the terms of the settlement with the lender and accordingly we are unable to comment as to whether there has been delay in the repayment of such debt or not. The overdue principal and interest remaining unpaid in respect of such lender as at March 31, 2015 is Rs. 594.17 millions and Rs.224.87 millions respectively. The Company did not have any outstanding dues in respect of debenture holders during the year.

Clause (xii)

We have been informed that during the year there were instances of misappropriation of cash by the employees of the Company aggregating Rs.3.04 millions; and loans given to non-existent borrowers on the basis of fictitious documentation created by the employees of the Company aggregating Rs.1.47 millions. As informed, services of certain employees involved have been terminated and the Company is in the process of taking legal action against the employees, wherever necessary. The Company has made full provision for the outstanding balance (net of recovery) aggregating Rs.3.17 millions.

4.4 Appropriate adjustments have been made in the Restated Standalone Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended), by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Company as at and for the year ended March 31, 2016, prepared in accordance with the Sechedule III of Companies Act 2013.

5.1 Corporate information

Spandana Sphoorty Financial Limited (‘SSFL’ or the ‘Company’) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on March 10, 2003. The Company was registered as a non-deposit accepting Non-Banking Financial Company (‘NBFC-ND’) with the Reserve Bank of India (‘RBI’) and got classified as Non-Banking Financial Company – Micro Financial Institution (NBFC – MFI) effective April 13, 2015. The Company is engaged in the business of micro finance providing small value unsecured loans to low-income customers in semi-urban and rural areas. The tenure of these loans is generally spread over one to two years.

5.2 Regulatory and Company updates

A. Background:

1. The Government of Andhra Pradesh promulgated "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Ordinance 2010" on October 15, 2010, subsequently enacted the same as "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Act, 2011 (Act 1 of 2011)" on December 31, 2010 and notified by Gazette on January 1, 2011 ('AP MFI Act'). In compliance with the said Ordinance/Act, the frequency of the JLG loan repayments in the state of Andhra Pradesh changed from a 'weekly' to a 'monthly' basis.

2. These directions significantly affected the recoveries for all MFIs in the then state of Andhra Pradesh, including the Company, which had a serious impact of the Company's ability to continue its operations in the state. Though the AP MFI Act did not directly affect the operations in other states, the additional funding from banks and financial institutions was severely restricted. As a result, the Company incurred substantial losses in the previous financial years and faced liquidity constraints for servicing its loan borrowings.

3. Therefore, the Company entered into a Master Restructuring Agreement (MRA) under the Corporate Debt Restructuring (CDR) arrangement with its lenders on September 24, 2011 (refer Annexure 6 and 8 for details).

4. Further, due to the losses incurred in earlier years, the Company was unable to maintain the minimum amount of net owned funds, as defined under section 45-IA of the Reserve Bank of India Act, 1934(‘NOF’), to carry on business of a non-banking financial institution (‘NBFI’). Also, the Capital to Risk Assets Ratio (‘CRAR’) reduced below the minimum percentage prescribed by the RBI.

5. In view of the challenges being faced by the Company, the RBI had given an exemption to the Company for not maintaining minimum NOF and a regulatory forbearance for not maintaining minimum CRAR for a period of two years till March 31, 2016.

6. Pursuant to a notification DNBS.CC.PD.No.250/03.10.01/2011-12 dated December 2, 2011, the RBI issued the Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) Directions (‘the NBFC-MFI Directions’), wherein a new category of NBFC viz. NBFC-MFI was created. These directions, in addition to defining an NBFC- MFI, provided the regulatory framework and the prudential norms for NBFC-MFIs. Further, it required the existing NBFCs engaged in micro finance activities to apply for a change of classification and seek a fresh registration. Accordingly, the Company had, on June 18, 2012, submitted the application to the RBI for change in classification to NBFC-MFI. As at March 31, 2014, the response from the RBI was awaited for the classification of the Company as NBFC-MFI.

   Subsequently, RBI issued certain modifications to the NBFC-MFI Directions on August 3, 2012. The modifications clarified that provisioning made towards portfolio in the state of Andhra Pradesh should be in accordance with extant ‘Non-banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007’ as amended from time to time (‘the NBFC Prudential Norms’) and such provision should be added back notionally to the net owned funds for the purpose of calculation of the CRAR and would be progressively reduced by 20% each year, over 5 years i.e. from March 31, 2013 to March 31, 2017.

B. Company's updates

In financial year 2015-16, in order to comply with the NOF and CRAR requirements by March 31, 2016, the Company proposed a plan to the CDR – Empowered group ('CDR – EG') and lenders for pre-closure of its debt and exit from CDR. The said proposal, salient features of which are as given below, was approved by the CDR –EG vide sanction letter dated February 25, 2016:

A. The Company would identify and engage with a bank ('the investor') willing to purchase the standard/performing loan portfolio of the Company in the state of Andhra Pradesh and Telangana, through a direct assignment transaction.

B. The investor would also provide a term loan equivalent of the amount of standard loan portfolio not eligible for direct assignment under 'minimum holding criteria'.

C. Utilization of proceeds from direct assignment and term loan, the Company would pre-close the outstanding debt (comprising restructured term loans and priority debt) and settle all overdues (including interest and other charges) accrued upto repayment date.

D. The investor would acquire all outstanding Optionally Convertible Cumulative Redeemable Preference Shares ('OCCRPS') from the existing OCCRPS at an agreed discount to face value. The OCCRPS holders would waive the accrued redemption premium with no further premium payable post March 31, 2016.

E. Thereafter the Company was to file a scheme of capital reduction under the relevant provisions of the Companies Act whereby the face value of the OCCRPS shall stand reduced with a corresponding credit to the capital reduction account such that it supports in complying with minimum NOF and CRAR criteria, subject to stipulations of the scheme.

Although, the above proposal had received the consent of the CDR–EG as at March 31, 2016, the transaction was expected to be accomplished in the period subsequent to balance sheet date. Since the forbearance granted by RBI for non-maintenance of minimum NOF and CRAR was valid till March 31, 2016, the Company has sought and obtained an extension of the regulatory forbearance for a further period of six months up to September 30, 2016 from the RBI vide its letter dated June 2, 2016.

5.3 Basis of preparation

The restated standalone summary statement of assets and liabilities of the Company as at March 31, 2016 and March 31, 2015 and the related standalone restated summary statement of profits and losses and related restated standalone summary statement of cash flows each of the years ended March 31, 2016 and March 31, 2015 (collectively referred to as the "Restated Standalone Summary Statements") have been compiled by the management from the audited standalone financial statements of the Company for each of the years ended March 31, 2016 and March 31, 2015 respectively, approved by the Board of Directors of the Company.

The Company had prepared the audited standalone financial statements to comply, in all material respects, with the accounting standards specified under the Companies Act, 1956 and under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016, the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') and other accounting principles generally accepted in India (Indian GAAP). The audited standalone financial statements were prepared under the historical cost convention on an accrual basis except as detailed in paragraph 5.5(c) below.

These Restated Standalone Summary Statements have been prepared by the Company to comply in all material respects with the requirements of sub-section (1) of Section 26 of Chapter III of the Companies Act, 2013 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI ICDR Guidelines") as amended, for the purpose of inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with its proposed initial public offering. The accounting policies used in preparation of these

Restated Standalone Summary Statements have been consistently applied by the Company and are consistent with those adopted in the preparation of the audited standalone financial statements for the year ended March 31, 2016.

5.4 Going concern assumption

1. The Company had incurred substantial losses during the year(s) prior to financial year 2014-15, as a result of which, its NOF as at March 31, 2015 and 2016 was lower than the minimum amount prescribed by the RBI to carry on the business of a NBFI. Also, the CRAR of the Company as at March 31, 2015 and 2016 was lower than the minimum percentage prescribed by the RBI. The losses incurred were mainly attributable to the provisioning for the loan portfolio outstanding in the then state of Andhra Pradesh.

   In view of the challenges being faced by the Company in maintaining the minimum NOF and CRAR as stipulated by RBI, the Company vide letter dated March 18, 2014 requested the RBI to provide an exemption from complying with the minimum NOF criteria and also for regulatory forbearance for not maintaining minimum CRAR.

   In response of the Company's request, the RBI vide its letter dated April 16, 2014 provided an exemption from maintaining minimum CRAR and NOF for a period of two years till March 31, 2016, subject to the Company bringing in fresh capital of Rs.50million upfront. The Company therefore issued and allotted 1,000,000 equity shares of face value of Rs.10 each at a premium of Rs.40 per share to its existing shareholders on May 16, 2014 and was able to secure the regulatory forbearance on NOF and CRAR upto March 31, 2016.

2. Further, with the implementation of the debt restructuring package with the lenders in FY 2011-12 and the additional loan facilities aggregating Rs.11,502.5 million sanctioned by the CDR lenders in FY 2013-14, the Company had enhanced availability of resources to sustain operations for at least 12 months from the reporting date viz. March 31, 2015.

3. In view of the grant of regulatory forbearance by RBI and sanction of fresh line of credit by the CDR lenders, as described above, the financial statements for the year ended March 31, 2015 were prepared on a going concern basis.

4. For the year ended March 31, 2016, the financial statements were prepared on a going concern basis in view of the proposal made by the Company for pre-closure of its debt and the resultant exit from CDR (described in paragraph 5.2(B) above) which was approved by the CDR-EG before March 31, 2016. This basis of preparation was further supported by the extension of regulatory forbearance on NOF and CRAR till September 30, 2016 and the proposed transaction was expected to materialize within such time.

5.5 Summary of Significant Accounting Policies

a. Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and 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 in future periods.

b. Change in accounting estimates

1. Year ended March 31, 2015

In accordance with the requirement of Schedule II to the Companies Act, 2013, the Company had re-assessed the useful lives and residual of its fixed assets and:

i. an amount of Rs.3.57 million was charged to the opening balance of retained earnings in respect of assets whose remaining useful life was nil as at April 1, 2014; and

ii. an amount of Rs.8.38 million was charged to the statement of profit and loss for the year ended March 31, 2015 representing the additional depreciation on the carrying value of the assets as at April 1, 2014 due to the change in useful life of asset.

In accordance with the SEBI ICDR Regulations, no adjustments have been made in these Restated Standalone Summary Statements in respect of the above changes in accounting estimates. However, necessary adjustments for the changes in the accounting policies, as disclosed in Annexure 4, have been incorporated in these Restated Standalone Summary Statements retrospectively in the respective periods to reflect the same accounting treatment for all the reporting periods.

c. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured.

i. Interest income on loans given is recognized under the internal rate of return method. Income or any other charges on non-performing asset is recognized only when realized and any such income recognized before the asset became non-performing and remaining unrealized is reversed.

ii. Interest income on deposits with banks is recognized on a time proportion accrual basis taking into account the amount outstanding and rate applicable.

iii. Loan processing fees collected from borrowers are recognized over the tenure of the loan on straight line basis.

iv. Amounts received against loans written-off are recognized on receipt basis.

v. All other incomes are recognized on an accrual basis.

d. Property, Plant and Equipment

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use.

e. Intangible assets

Software expenditure is capitalized in accordance with Accounting Standard 26 “Intangible Assets” and amortized using the written down value method at a rate of 40% per annum.

f. Depreciation

i. Depreciation on fixed assets I provided on a written down value method at the rates arrived at based on useful life of the assets prescribed under schedule II of the Act, which also represents the estimate of the useful life of assets by the management

ii. Fixed Assets costing upto Rs.5,000 individually are fully depreciated in the year of purchase

g. Impairment

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 net selling price and its value in use. The 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. Where 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

h. Leases (where the Company is the lessee)

Leases where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

i. Foreign currency transactions

i. All foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.

ii. Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year.

iii. Exchange differences arising on the settlement of monetary items or on the restatement of Company’s monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized as income or expenses in the year in which they arise.

j. Retirement and other employee benefits

i. Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service.

ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

iii. The service rules of the Company do not provide for the carry forward of the accumulated leave balance and leaves to credit of employees are encashed periodically at average gross salary.

k. Income taxes

i. Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

ii. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

iii. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

iv. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which the deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

v. Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

l. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

m. Provisions

A provision is recognized when the Company has a present obligation as a result of past event, 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

n. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

o. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and cash in hand, and short-term investments with an original maturity of three months or less.

p. Investments

Investments, which are readily realizable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis except for investments in the units of mutual funds in the nature of current investments that have been valued at the net asset value declared by the mutual fund in respect of each particular scheme, in accordance with the NBFC Master Directions. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between the carrying amount and disposal proceeds are charged or credited to the statement of profit and loss.

q. Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. All borrowing costs are expensed in the period they occur. Ancillary borrowing costs are amortized over the tenure of the loan on a straight line basis.

r. Classification of loan portfolio

A. Unsecured loan portfolio (excluding the loan portfolio disbursed prior to January 1,2012 in the state of Andhra Pradesh and Telangana) is classified as standard and non-performing assets in accordance with Chapter IX of the NBFC Master Directions, as described below:

Asset classification	Arrear period
Standard assets	Overdue for less than 90 days
Non-performing assets	Overdue for 90 days or more

B. All other loans and advances are classified as standard, sub-standard, doubtful and loss assets in accordance with Chapter V of the NBFC Master Directions, as amended, described in (s) below.

s. Provisioning for loan portfolio

For years ended March 31, 2016 and 2015

i. Unsecured loan portfolio, excluding the loan portfolio disbursed prior to January 1, 2012 in the states of Andhra Pradesh and Telangana is provided for in accordance with Chapter IX of the NBFC Master Directions which require the total provision to be higher of:

(b) 1% of the outstanding loan portfolio; or
(c) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

ii. All other loans and advances(comprising the secured loan portfolio and the loan portfolio disbursed prior to January 1, 2012 in the states of Andhra Pradesh and Telangana)are provided for in accordance with Chapter V of the NBFC Master Directions, as amended from time to time, as summarized below:

Asset classification	Provision
Standard	
For year ended March 31, 2016*(overdue upto 5 months)*	0.30%
For year ended March 31, 2015*(overdue upto 6 months)*	0.25%
Non-performing (‘NPA’) *(overdue for 5/6 months or more, as applicable):*	
Sub-standard *(classified as NPA for upto 17 /18 months, as applicable)*	10%
Doubtful *(classified as sub-standard for more than 17/18 months, as applicable)*	
Doubtful upto 1 year (Secured)	20%
Doubtful from 1 to 3 years (Secured)	30%
Doubtful over 3 years (Secured)	50%
Doubtful asset not covered by realizable security (Unsecured)	100%
Loss asset *(loans considered irrecoverable in the opinion of the management)*	Write off

Spandana Sphoorty Financial Limited
Annexure 6: Restated Standalone Statement of Share Capital

(Rupees in Millions unless otherwise stated)

Particulars	31-Mar-16	31-Mar-15
Authorised shares		
Equity Shares of Rs.10/- each		
-Number of shares	900,000,000	900,000,000
-Amount in Rs. Millions	9,000.00	9,000.00
preference shares of Rs.10 each		
-Number of shares	1,100,000,000	1,100,000,000
-Amount in Rs. Millions	11,000.00	11,000.00
Issued, Subscribed And Fully Paid Up Shares:		
Equity Shares of Rs.10/- each		
-Number of shares	20,380,767	20,380,767
-Amount in Rs. Millions	203.81	203.81
0.001% Optionally convertible cumulative redeemable preference shares (OCCRPS)		
-Number of shares	791,007,721	807,615,809
-Amount in Rs. Millions	7,910.08	8,076.16
Total issued, subscribed and fully paid-up share capital	**8,113.89**	**8,279.97**

(a) Terms / rights attached to equity shares

As at March 31, 2016 and 2015
The Company had only one class of equity shares of par value of Rs.10 per share. Each holder of equity shares was entitled to one vote per share. As per Master Restrucutring Agreement ('MRA'), the Company without prior written approval of CDR -Empowered group shall not declare/pay any dividend on any shares. Pursuant to MRA, the shares held by promoters are pledged against CDR lenders. Any dividend proposed by the Board of Directors was subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company declares and pays dividends in Indian rupees.

(b) Terms / rights attached to OCCRPS
The holders of OCCRPS had an unqualified right to convert the entire / part of the outstanding amount of OCCRPS along with cumulative dividend and redemption premium into equity shares of the Company in case of occurrence of an event of default as defined in the MRA. Also, the lenders, based upon a written request from the Company may, at their sole discretion, were to convert the entire / part outstanding amount of OCCRPS along with cumulative dividend, redemption premium into equity shares of the Company to enable the Company to comply with the regulatory norms regarding capital adequacy. The conversion price would be based on the reports of two independent valuation firms appointed by the Monitoring Institution ('MI') as identified in the MRA.

Each holder of OCCRPS was entitled to one vote per share on resolutions placed before the Company, which directly affected the rights attached to the OCCRPS. Any dividend proposed by the Board of Directors was subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company declares and pays dividends in Indian rupees. In the event of liquidation of the Company before conversion / redemption of OCCRPS, the holders of OCCRPS had priority over equity shares in the payment of dividend and repayment of capital.

As per the Master Restructuring Agreement ('MRA') dated September 24, 2011 entered into with the lenders (including subsequent participation by one lender) of the Company for restructuring of the total debt (net of fixed deposits):

• Aggregating to Rs.21,639.00 millions upto financial year ended March 31, 2015, an amount of Rs.9,406 millions was converted into Optionally Convertible Cumulative Redeemable Preference Shares ('OCCRPS') on pro-rata basis to the lenders. Accordingly, the Company had issued 940,600,000 0.001% OCCRPS of Rs.10 each as fully paid-up to the lenders. Further, during the financial year 2014-15, 31,000,000 OCCRPS had been issued to other lenders who have joined the CDR on terms and conditions similar to those as specified in the MRA dated September 24, 2011 with the CDR lenders.

• Aggregating to Rs.21,709.80 millions in financial year ended March 31, 2016, an amount of Rs.9,437 millions had been converted into Optionally Convertible Cumulative Redeemable Preference Shares ('OCCRPS') on pro-rata basis to the lenders. Accordingly, the Company had issued 943,700,000 0.001% OCCRPS of Rs.10 each as fully paid-up to the lenders in tranches upto March 31, 2015.

• OCCRPS carried a dividend of 0.001% p.a. and a redemption premium of 12% p.a., as specified in the MRA.

The OCCRPS were redeemable starting from financial year 2013-14, the amount of redemption being 5%, 10%, 15%, 15% and 55% in five years, in a manner as to yield a return of 12% p.a. to the holders of OCCRPS.

• As at March 31, 2015, the total premium payable, as per the agreed redemption schedule, amounted Rs. 8,718.98 millions of which Rs. 655.21 millions had been paid / provided till the year ended March 31, 2015. The premium payable on redemption was provided out of the securities premium account (to the extent of the balance available) and thereafter from the profits.

• During the year ended March 31, 2016, the Company had not redeemed OCCRPS as per the terms of the MRA in view of the ongoing proposal to settle the OCCRPS at a discount to face value. In terms of the said proposal, the face value of the OCCRPS stand reduced pursuant to a scheme of capital reduction. The Company had received an in-principle approval of the CDR-EG for the proposed settlement.

(Rupees in Millions unless otherwise stated)

(c) Reconciliation of the shares outstanding at the beginning and at the end of the year

(c.1) Equity shares

Particulars	**31-Mar-16**		**31-Mar-15**	
	No. of Shares	**Amount in Rs. Millions**	**No. of Shares**	**Amount in Rs. Millions**
At the beginning of the year	20,380,767	203.81	19,380,767	193.81
Issued during the year	-	-	1,000,000	10.00
Outstanding at the end of the year	**20,380,767**	**203.81**	**20,380,767**	**203.81**

(c.2) OCCRPS

Particulars	**31-Mar-16**		**31-Mar-15**	
	No. of Shares	**Amount in Rs. Millions**	**No. of Shares**	**Amount in Rs. Millions**
At the beginning of the year	807,615,809	8,076.16	893,570,000	8,935.70
Issued during the year	-	-	3,100,000	31.00
Redeemed during the year	16,608,088	166.08	89,054,191	890.54
Outstanding at the end of the year	**791,007,721**	**7,910.08**	**807,615,809**	**8,076.16**

Note on redemption of OCCRPS

Year ended March 31, 2015

During the year ended March 31, 2015 the Company had partially redeemed OCCRPS with delays which were due for redemption for the quarters ended June, September and December 2014. Further, the Company had not redeemed the OCCRPS which were due for the quarter ended March 2015. Thus the redemption amount, as shown in the table above, includes an amount of Rs.276.52 millions representing the nominal value of OCCRPS due for redemption but not paid as at March 31, 2015. The same had been transferred to current liabilities along with premium due thereon. Despite of the default in redemption, the holders of OCCRPS had not exercised their right for conversion of any OCCRPS into equity shares.

The OCCRPS redemption of certain lenders, who had not participated in the new term loan agreement, is deferred by a period of two years commencing from January 2014 until December 2015. The redemption of such OCCRPS would resume from March 2016 and the proportion of redemption will be 5%, 30%, and 61.25% in the financial years 2015-16, 2016-17 and 2017-18 respectively.

Year ended March 31, 2016

During the year ended March 31, 2016, the Company had redeemed OCCRPS of only Rs.209.03 millions against the total amount due for redemption of Rs.1,331.65 millions in view of the ongoing proposal for settlement of OCCRPS referred to in Annexure 6 (b) above. During the same year, the Company had also paid an amount of Rs.233.58 millions against the amount due for redemption, but not paid, as at March 31, 2015 of Rs.276.52 millions. The balance amount of Rs.42.94 millions had been reinstated as share capital from current liabilities as no further scheduled repayments are to be made towards OCCRPS. Thus, the redemption value, shown in the above table, is net of adjustment in respect of previous year's unpaid dues.

The redemption of OCCRPS in year ended March 31, 2016 had been made out of the profits for the year. Since, such profits were inadequate for setting off the accumulated brought forward losses, such redemption of OCCRPS was not in compliance with the provisions of section 55 of the Companies Act, 2013 read with rules framed thereunder. Accordingly, the Company filed an application with the Regional Director of Ministry of Corporate Affairs (MCA) for compounding of offence under the relevant provisions of the Companies Act in respect of all redemptions made upto March 31, 2016. Pursuant to the order dated June 30, 2016 received by the Company, the offence was compounded for period upto March 31, 2016.

Spandana Sphoorty Financial Limited

(Rupees in Millions unless otherwise stated)

(d)Details of shareholders holding more than 5% in the Company:

As per the records of the Company, including register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the shareholding given below represents both legal and beneficial ownership of shares.

Equity shares

Name of the shareholder	31-Mar-16		31-Mar-15	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Padmaja Gangireddy	6,194,261	30.39%	6,193,506	30.39%
Valiant Mauritius Partners FDI Limited	3,981,780	19.54%	3,981,780	19.54%
JM Financial Trustee Company Private Limited	6,582,276	32.30%	6,582,276	32.30%
Vijaya Sivarami Reddy Vendidandi	1,479,983	7.26%	1,479,983	7.26%

OCCRPS

Name of the shareholder	31-Mar-16		31-Mar-15	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
ICICI Bank Limited	98,068,750	12.40%	102,595,000	12.70%
Small Industries Development Bank of India	93,155,000	11.78%	102,170,000	12.65%
Syndicate Bank	65,162,500	8.24%	68,170,000	8.44%
Industrial Development Bank of India	43,265,000	5.47%	43,265,000	5.36%

Spandana Sphoorty Financial Limited
Annexure 7: Restated Standalone Statement of Reserves and Surplus

(Rupees in Millions unless otherwise stated)

Particulars	31-Mar-16	31-Mar-15
Securities premium account		
Balance as per last financial statements	824.85	1,264.96
Add : Received during the year	-	40.00
Less: Utilization towards premium on redemption of OCCRPS	(63.53)	(480.11)
Closing balance	**761.32**	**824.85**
General reserve	23.28	23.28
	23.28	**23.28**
Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)		
Balance as per last financial statements	1,012.61	803.51
Add : Amount transferred from the surplus balance of statement of profit and loss	486.47	209.10
Closing balance	**1,499.08**	**1,012.61**
Capital redemption reserve		
Balance as per last financial statements	1,360.84	470.30
Add: Amount transferred from surplus in the statement of profit and loss	166.08	890.54
Closing balance	**1,526.92**	**1,360.84**
Surplus balance in the statement of profit and loss		
Balance as per last financial statements	(11,863.39)	(11,811.17)
Add:profit for the year	2,432.35	1,050.99
Less:Transfer to statutory reserve as required by Sec 45-IC of Reserve Bank of India Act, 1934*	(486.47)	(209.10)
Less : Adjustment of carrying amount of tangible assets in accordance with schedule II of Companies Act, 2013	-	(3.57)
Less: Transfer to capital redemption reserve	(166.08)	(890.54)
Net surplus in the statement of profit or loss	**(10,083.59)**	**(11,863.39)**
Total reserves and surplus	**(6,272.99)**	**(8,641.81)**

* Transfer of 20% of the profit after tax to the statutory reserves in accordance with the provisions of section 45-IC** of the Reserve Bank of India Act, 1934 is of the profit after tax before restatement adjustment.

** As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the Profit after Tax of the Company every year.

Notes for Reserves & Surplus

Year ended March 31, 2015

(A) Amount of premium on redemption, adjusted from the securities premium account, was attributable to the OCCRPS redeemed during the current year and includes an amount of Rs.194.28 millions representing premium due on redemption but not paid as at March 31, 2015, which had been transferred to current liabilities along with the nominal value of the OCCRPS. The adjustment made from the securities premium account is in accordance with section 55 of the Companies Act, 2013.
(B) During the year, 89,054,191 OCCRPS had fallen due for redemption in accordance with the terms of the MRA as explained in Annexure 6(b). Accordingly, the Company had transferred an amount equal to the nominal value of the OCCRPS due for redemption to the Capital Redemption Reserve account from the profit earned during the year, in compliance with the requirements of section 55 of the Companies Act, 2013.
(C) Since the opening reserves of the Company were negative, the Company was not eligible to declare any dividend in terms of section 123 of Companies Act, 2013 read with the rules framed thereunder. Hence, no appropriation had been made towards the dividend payable on the OCCRPS for the financial year. The Company had sought an approval from the Ministry of Corporate Affairs ('MCA') for payment of dividend on the OCCRPS which was awaited as at March 31, 2015. The Company had paid the previous year dividend to the holders of OCCRPS, subject to such approval from the MCA. Such payment had been treated as an advance in the books of account.

Year ended March 31, 2016

(A) As mentioned under Annexure 6(b), the OCCRPS were redeemable at a premium of 12% p.a. Such premium on redemption was provided out of the balance in securities premium account. The amount of premium paid and adjusted in respect of current year redemption is Rs.74.17 millions. Further, of the redemption premium provided as at March 31, 2015 of Rs.194.25 millions, an amount of Rs.183.64 millions has been paid during the year and the balance had been reinstated in the securities premium account for the reasons stated in Annexure 6 (c.2). Thus, the utilisation of securities premium account, shown in the above table, was net of adjustment in respect of previous year unpaid dues.

Upto March 31, 2015, the amount of premium due as per MRA had been provided for out of the balance in securities premium account. However, pursuant to the approval granted by the CDR-EG, the Company was not required to make any payment of redemption premium subsequent to March 31, 2016. Also, no further redemption of OCCRPS was possible in the absence of adequate profits, post compounding of non-compliance with section 55 of the Companies Act, 2013 referred to in Annexure 6 (c.2).

Considering the factors mentioned above, the amount of premium due in the current year of Rs.992.85 millions had not been provided for.

(B) In accordance with section 55 of the Companies Act, 2013, the Company had transferred an amount equivalent of the nominal value of OCCRPS redeemed during the year, to the Capital Redemption Reserve. Also refer Annexure 6 (c.2).

(C) Since the opening reserves of the Company were negative, the Company was not eligible to declare any dividend in terms of section 123 of Companies Act, 2013 read with the rules framed there under. Hence, no appropriation had been made towards the dividend payable on the OCCRPS for the financial year. The Company had sought an approval from the MCA for payment of dividend on the OCCRPS which was awaited as at March 31, 2016. The Company had paid the previous year dividend to the holders of OCCRPS, subject to such approval from the MCA. Such payment had been treated as an advance in the books of account.

Spandana Sphoorty Financial Limited

Annexure 8: Restated Standalone Statement of Long-term borrowings

(Rupees in Millions unless otherwise stated)

Particulars	31-Mar-16		31-Mar-15	
	Non-Current	Current	Non-Current	Current
Secured				
Term Loans				
Indian rupee loan from banks (secured)	-	7,553.03	3,070.87	5,505.11
Indian rupee loan from financial institutions (secured)	-	1,222.02	467.36	778.29
Indian rupee loan from non banking finance companies (secured)	-	412.91	214.26	196.41
	-	**9,187.96**	**3,752.49**	**6,479.81**
The above amount includes				
Secured borrowings*	-	9,187.96	3,752.49	6,479.81
Amount disclosed under the head "other current liabilities"	-	(9,187.96)	-	(6,479.81)
Net amount	**-**	**-**	**3,752.49**	**-**

*The indian rupee loans are secured by hypothecation of book debts and margin money deposits

Annexure 8.1: Other Information

A. Information on CDR package

For the year ended March 31, 2016 and 2015

The Company had received an approval for the Corporate Debt Restructuring (‘CDR’) package with the lenders under the Master Restructuring Agreement (‘MRA’) dated September 24, 2011. The key features of the CDR are as follows:

1. Of the total debt outstanding as at April 1, 2011:

• an amount of Rs.21,709.80 million (net of fixed deposits available with individual lenders), was restructured under the MRA (including subsequent participation by one lender) during the year ended March 31, 2016. Of the total restructured debt, Rs.9,437 million was reconstituted as Optionally Convertible Cumulative Redeemable Preference Shares ('OCCRPS') and the balance amount of Rs.12,272.80 million was reconstituted as rupee term loans.

• an amount of Rs.21,639.00 million (net of fixed deposits available with individual lenders), was restructured under the MRA during the year ended March 31, 2015. Of the total restructured debt, Rs.9,406 million was reconstituted as Optionally Convertible Cumulative Redeemable Preference Shares ('OCCRPS') and the balance amount of Rs.12,233 million was reconstituted as rupee term loans. Further, during the year, the Company, further restructured debts outstanding of Rs.70.10 million, by reconstituting Rs.31 million as OCCRPS and the balance of Rs.39.10 million as rupee term loans.

• The restructured rupee term loans carried a fixed rate of interest of 12% p.a., payable on a monthly basis, with effect from April 1, 2011. Principal amount on the said rupee term loans is repayable starting from financial year 2012-13, the proportion of repayment being 20%, 25%, 25%, 15%, 10% and 5% over six years respectively.

2. Details of security available to the CDR lenders in respect of the rupee term loans outstanding are as follows:

• As part of the MRA, security interest created by the Company is available to all the lenders to secure the restructured term debt, working capital term loans and all amounts payable under the restructuring documents and the security interests so created, rank paripassu among the lenders.

• Additional security was made available to the CDR lenders by pledging of entire unencumbered shares held by the promoters. The promoters would also pledge any additional shares allotted to the promoters as rights/ bonus shares/ preferential allotment, in future during the currency of the package.

• The additional security mentioned above would also be made available to each lender who accedes to the MRA to secure the loan or facility advanced by such lender to the Company.

Applicable for financial year ended March 31, 2015

• If at any time during the subsistence of MRA, the lenders are of the opinion that the security provided by the Company has become inadequate to cover the balance of the loans then outstanding, then, on CDR Empowered Group advising the Company to that effect, the Company shall provide such additional collateral or security to secure the loan, as may be required by the CDR Empowered Group in its sole discretion.

Applicable for financial year ended March 31, 2016 and March 31, 2015

Pursuant to the approval of CDR committee vide its letter dated December 30, 2013, it was agreed that CDR lenders would make available a rupee term loan facility to the Company for an aggregate amount of Rs.11,502.50 million to the Company. Accordingly, the Company entered into a loan agreement dated April 29, 2014 with the participating lenders. This fresh line of credit provided by the participating lenders was referred to as "priority debt".

The priority debt carried a fixed rate of interest of 13% p.a., payable on a monthly basis. Principal amount of priority debt would be repayable in 18 equal monthly installments subsequent to a moratorium of 6 months from draw-down of each tranche.

Applicable for financial year ended March 31, 2015

The lenders who did not participate in the priority debt agreed to defer all repayments due to them under the CDR for a period of two years commencing from January 2014 until December 2015. As per the revised repayment schedule, the balance outstanding principle amount would be repayable starting from financial year 2015-16 (from January 2016) and the proportion of repayment will be 10%, 35%, and 16.25% of the reconstituted term loans, each year respectively. The new rupee term loan is secured by exclusive charge on receivables created out of the facility, apart from the security provided as per MRA.

(Rupees in Millions unless otherwise stated)

B. Reconciliation of closing balance (CDR lenders)

There are certain differences in the closing balance of borrowings from CDR lenders as per books of account and the balances as per the confirmations / statement of account received from these lenders. The Company has accounted for all the adjustments in accordance with the terms of the CDR package (along in priority debt loan agreement in financial year 2015-16) and is in the process of identifying the reasons for the differences noted.

• In financial year 2015-16, such differences were not material on net basis.

• In financial year 2014-15, subsequent to the balance sheet date, the unreconciled amount, in respect of which reasons are yet to be identified up to the date of the finalization of the financial statements, was Rs. 0.11 million (net).

C. Repayment to lenders

• During the year ended March 31, 2016, there had been delay in repayment of principal and interest to the CDR lenders and the overdue principal and interest remaining unpaid as at March 31, 2016 is Rs.2,616.18 million and Rs.642.33 million respectively.

• During the year ended March 31, 2015, there had been delay in repayment of principal and interest to the CDR lenders and the overdue principal and interest remaining unpaid as at March 31, 2015 is Rs.677.83 million, Rs.270.88 million (Includes Rs.6.66 million towards penal interest) respectively. Further, no repayments had been made by the Company during the year in case of one lender, who had agreed for one time settlement subsequent to balance sheet date. The overdue principal and interest remaining unpaid in respect of such lender as at March 31, 2015 is Rs.594.17 million and Rs.224.86 million respectively.

D. In financial year ended on March 31, 2016, in view of the proposed transaction whereby the Company shall pre-close the debt and exit from CDR, the total borrowings of the Company are expected to mature within twelve months of the balance sheet date. Accordingly, the entire balance of borrowings outstanding as at March 31, 2016 had been considered as current maturities of long-term borrowings.

Annexure 9: Restated Standalone Statement of Other long term liabilities *(Rupees in Millions unless otherwise stated)*

Particulars	**31-Mar-16**	**31-Mar-15**
Unamortized loan processing fees	17.64	31.05
Other payables	-	621.00
Total	**17.64**	**652.05**

Annexure 10: Restated Standalone Statement of Provisions *(Rupees in Millions unless otherwise stated)*

Particulars	**31-Mar-16**		**31-Mar-15**	
	Non-Current	**Current**	**Non-Current**	**Current**
Provision for gratuity (net of contribution)	0.78	-	0.87	-
Contingent provision against standard assets (refer Annexure 5.5 (s) and Annexure 28.6)	5.09	115.48	8.12	112.34
Provision for non-performing assets (refer Annexure 5.5 (s) and Annexure 28.6)	7,995.47	-	10,532.48	-
Total (A + B)	**8,001.34**	**115.48**	**10,541.47**	**112.34**

Annexure 11: Restated Standalone Statement of Other current liabilities *(Rupees in Millions unless otherwise stated)*

Particulars	**31-Mar-16**	**31-Mar-15**
Employee benefits payable	95.97	83.97
Payable towards asset assignment transactions	768.89	956.75
Amounts pending adjustment to borrower accounts	-	-
Expenses payable	31.91	37.40
Creditors for capital goods	5.02	26.89
Other payables	28.01	35.89
Other liabilities	-	-
Current maturities of long-term borrowings	9,187.96	6,479.81
Guarantee fee payable	-	27.39
Unfructified service tax liability (net of amount paid under protest Rs.8,000,000)	118.03	97.64
Amounts payable on redemption of OCCRPS	-	470.80
Interest accrued but not due on borrowings	11.05	28.63
Interest accrued and due on borrowings	642.33	483.83
Statutory dues payable (including penal damages levied by ESIC)	9.10	12.71
Unamortized income	-	-
Unamortized loan processing fees	125.32	86.47
Total	**11,023.59**	**8,828.18**

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(Rupees in Millions unless otherwise stated)

Annexure 12.1: Restated Standalone Statement of Property, plant and equipment

Particulars	Lease hold improvements	Furniture & Fixtures	Office Equipment	Vehicles	Computers & Printers	Total
Gross Block						
At April 1, 2014	**-**	**84.62**	**35.27**	**4.40**	**124.53**	**248.82**
Addition	-	2.58	0.55	-	32.69	35.82
Disposals	-	2.20	0.45	0.64	5.52	8.81
Other adjustments	-	-	-	-	-	-
As at March 31, 2015	**-**	**85.00**	**35.37**	**3.76**	**151.70**	**275.83**
Additions	92.20	23.86	0.98	-	4.35	121.39
Disposals	-	68.24	25.72	0.83	57.74	152.53
Other adjustments	-	-	-	-	-	-
As at March 31, 2016	**92.20**	**40.62**	**10.63**	**2.93**	**98.31**	**244.69**
Depreciation						
At April 1, 2014	**-**	**67.16**	**24.80**	**3.59**	**115.01**	**210.56**
Depreciation charge for the year	-	7.80	5.30	0.39	13.94	27.43
Disposals	-	2.15	0.34	0.59	5.32	8.40
Other adjustments	-	-	1.58	-	1.99	3.57
As at March 31, 2015	**-**	**72.81**	**31.34**	**3.39**	**125.62**	**233.16**
Depreciation charge for the year	11.31	4.30	0.45	0.14	11.10	27.30
Disposals	-	59.20	22.35	0.83	55.18	137.56
Other adjustments (refer Annexure 7)	-	-	-	-	-	-
As at March 31, 2016	**11.31**	**17.91**	**9.44**	**2.70**	**81.54**	**122.90**
Net Block						
As at March 31, 2015	**-**	**12.19**	**4.03**	**0.37**	**26.08**	**42.67**
As at March 31, 2016	**80.89**	**22.71**	**1.19**	**0.23**	**16.77**	**121.79**

Annexure 12.2 : Restated Standalone Statement of Intangible Assets

Particulars	Computer Software	Total
Gross Block		
At April 1, 2014	**32.01**	**32.01**
Purchase	12.79	12.79
Disposals	-	-
As at March 31, 2015	**44.80**	**44.80**
Purchase	19.34	19.34
Disposals	-	-
As at March 31, 2016	**64.14**	**64.14**
Amortization		
As at April 1, 2014	**25.83**	**25.83**
Depreciation charge for the year	5.70	5.70
Deductions	-	-
As at March 31, 2015	**31.53**	**31.53**
Depreciation charge for the year	9.71	9.71
Deductions	-	-
As at March 31, 2016	**41.24**	**41.24**
Net Block		
As at March 31, 2015	**13.27**	**13.27**
As at March 31, 2016	**22.90**	**22.90**

Annexure 12.3 : Restated Standalone Statement of Capital work in Progress

Particulars	31-Mar-16	31-Mar-15
Supply of material	-	46.55
Civil works	-	9.39
Total	-	**55.94**

Spandana Sphoorty Financial Limited

Annexure 13: Restated Standalone Statement of Non-current investments *(Rupees in Millions unless otherwise stated)*

Particulars	**31-Mar-16**	**31-Mar-15**
Non trade investments (valued at cost unless stated otherwise)		
Investment in equity shares (Unquoted)		
100,000 equity shares of Rs 10 each of Alpha Microfinance Consultants Private Limited	1.00	1.00
Total	**1.00**	**1.00**
Aggregate amount of unquoted investments	**1.00**	**1.00**

Annexure 14: Restated Standalone Statement of Loan portfolio *(Rupees in Millions unless otherwise stated)*

Particulars	**31-Mar-16**		**31-Mar-15**	
	Non-current	**Current**	**Non-current**	**Current**
Loan portfolio				
Joint liability group loans				
Unsecured, considered good*	502.04	11,458.44	809.75	10,603.46
Unsecured, considered doubtful**	7,067.49	-	9,387.45	-
	7,569.53	**11,458.44**	**10,197.20**	**10,603.46**
Individual loans				
Unsecured, considered good*	4.40	35.04	6.41	61.22
Unsecured, considered doubtful**	927.62	-	1,206.75	-
Secured, considered good*	2.46	180.13	25.63	324.69
Secured, considered doubtful**	10.64	-	36.60	-
	945.12	215.17	1,275.39	385.91
Total	**8,514.65**	**11,673.61**	**11,472.59**	**10,989.37**

* Represents standard assets in accordance with Company's asset classification policy (refer Annexure 5.5 (r))

** Represents non-performing assets in accordance with Company's asset classification policy (refer Annexure 5.5 (r))

As at March 31, 2016, as part of the proposed transaction described in Annexure 5.2(B)(A), the Company proposes to sell a part of its loan portfolio in the subsequent period by way of direct assignment. However, such loan portfolio is not specifically identified as at March 31, 2016 and hence no changes in the classification of loan portfolio have been made to that effect

Annexure 15: Restated Standalone Statement of Other Loans and advances *(Rupees in Millions unless otherwise stated)*

Particulars	**31-Mar-16**		**31-Mar-15**	
	Non-current	**Current**	**Non-current**	**Current**
A.Security Deposits				
Unsecured, considered good	15.54	-	24.77	-
(A)	**15.54**	**-**	**24.77**	**-**
B. Other loans and advances				
Unsecured, considered good				
Advance income tax (net of provision)	151.65	-	151.29	-
Advance with service provider	1.00	0.82	3.60	-
Prepaid expenses	-	0.03	-	2.99
Advance against sum assured	-	10.94	-	21.15
Capital advances	-	0.18	-	2.71
Other advances	-	2.88	-	3.41
Unsecured, considered doubtful	-	-	-	-
Employee loans	1.91	-	1.96	-
Amounts deposited with courts	5.03	-	5.02	-
Other advances	10.17	-	3.98	-
Advance against sum assured	16.39	-	12.31	-
	186.15	**14.85**	**178.16**	**30.26**
Less: Provision for doubtful advances	(30.91)	-	(23.30)	-
(B)	**155.24**	**14.85**	**154.86**	**30.26**
Total (A+B)	**170.78**	**14.85**	**179.63**	**30.26**

Spandana Sphoorty Financial Limited

Annexure 16: Restated Standalone Statement of Other assets *(Rupees in Millions unless otherwise stated)*

Particulars	**31-Mar-16**		**31-Mar-15**	
	Non-current	**Current**	**Non-current**	**Current**
Non-current bank balances	20.88	-	19.17	-
Unamortized Ancillary borrowing costs	-	19.48	13.78	12.80
Contribution towards gratuity (net of provision)	-	-	-	-
Interest accrued but not due on portfolio loans	-	64.48	-	81.38
Interest accrued and due on portfolio loans	-	2.36	-	2.71
Interest accrued on term deposits	-	0.57	-	0.65
Total	**20.88**	**86.89**	**32.95**	**97.54**

Annexure 17: Restated Standalone Statement of Trade receivables *(Rupees in Millions unless otherwise stated)*

Particulars	**31-Mar-16**	**31-Mar-15**
Unsecured, considered good	18.34	18.57
Total	**18.34**	**18.57**

The Company does not have any trade receivables outstanding for a period exceeding six months from the date they are due for payment

Annexure 18: Restated Standalone Statement of Cash and bank balances *(Rupees in Millions unless otherwise stated)*

Particulars	**31-Mar-16**		**31-Mar-15**	
	Non-current	**Current**	**Non-current**	**Current**
Cash and cash equivalents				
Balance with banks				
On current accounts	-	351.22	-	580.43
Cash in hand	-	2.04	-	10.47
	-	**353.26**	**-**	**590.90**
Other bank balances				
Cash collateral against borrowings				
Margin money deposit (refer note below)	20.88	-	19.17	-
	20.88	**-**	**19.17**	**-**
Amount disclosed under non-current assets (refer Annexure 16)	(20.88)	-	(19.17)	-
Total	**-**	**353.26**	**-**	**590.90**

Note : Represents margin money deposits placed to avail tem loans from banks, financial institutions, non banking financial companies.

Spandana Sphoorty Financial Limited

(Rupees in Millions unless otherwise stated)

Annexure 19: Restated Standalone Statement of Revenue from operations

Particulars	**31-Mar-16**	**31-Mar-15**
Interest on portfolio loans	3,282.67	2,827.95
Other operating revenue		
Loan processing fees	148.16	153.16
Recovery against loans writen offs	6.01	37.01
Interest on margin money deposits*	1.78	1.59
Total	**3,438.62**	**3,019.71**

* Represents interest on margin money deposits placed to avail tem loans from banks, financial institutions, non banking financial companies.

Annexure 20: Restated Standalone Statement of Other income

Particulars	**31-Mar-16**	**31-Mar-15**
Interest on fixed deposits	-	0.03
Dividend from mutual funds	4.63	4.74
Profit on sale of fixed assets (net)	-	0.79
Provisions no longer required, written back	7.30	189.61
Interest on income tax refund	0.00	0.83
Incentive income	32.50	30.52
Commission income	5.01	7.83
Miscellaneous Income	0.00	0.00
Total	**49.44**	**234.35**

Spandana Sphoorty Financial Limited

(Rupees in Millions unless otherwise stated)

Annexure 21: Restated Standalone Statement of Employee benefit expense

Particulars	31-Mar-16	31-Mar-15
Salaries, wages and bonus	546.51	663.67
Contribution to provident fund	12.42	14.71
Contribution to Employees State Insurance Corporation	2.11	2.86
Leave benefits	7.90	8.20
Gratuity expense (refer Annexure 28.4)	(0.02)	14.42
Staff welfare expenses	1.95	2.20
Total	**570.87**	**706.06**

Annexure 22: Restated Standalone Statement of Finance costs

Particulars	31-Mar-16	31-Mar-15
Interest		
On term loans from banks	1,036.00	903.03
On term loans from financial institutions	154.01	116.44
On term loans from non-banking financial companies	52.24	46.24
Other finance cost	44.51	45.00
Bank charges	7.64	6.94
Total	**1,294.40**	**1,117.65**

Annexure 23: Restated Standalone Statement of Other expenses

Particulars	31-Mar-16	31-Mar-15
Rent(refer note 28.5)	77.49	81.13
Rates and taxes	1.06	7.19
Office maintenance	11.91	7.37
Computers and network maintenance	3.00	8.43
Electricity charges	8.80	10.01
Travelling expenses	65.96	90.29
Communication expenses	12.36	18.72
Printing and stationery	7.49	8.38
Legal and professional charges	28.45	18.08
Directors sitting fees	1.16	1.28
Auditors remuneration (refer details below)	6.81	6.79
Recruitment and training	0.79	1.52
Subscription fees	2.46	0.50
Other provisions and write off	33.78	10.57
Security charges	7.30	10.83
Foreign exchange loss	0.35	1.08
Loss on sale of fixed assets (net)	9.46	-
Miscellaneous expenses	6.92	5.70
Total	**285.55**	**287.87**

Spandana Sphoorty Financial Limited

(Rupees in Millions unless otherwise stated)

Particulars	31-Mar-16	31-Mar-15
As auditor:		
Audit fee	5.64	5.55
Certification fee	0.32	0.46
Out of pocket expenses	0.85	0.79
Total	**6.81**	**6.80**

Annexure 24: Restated Standalone Statement of Provision and write-offs

Particulars	31-Mar-16	31-Mar-15
Contingent provision against standard assets (refer Annexure 28.6)	0.11	30.24
Provision for non-performing assets (refer Annexure 28.6)	(2,537.02)	(1,527.31)
Loss on assigned portfolio against credit enhancements provided	-	140.00
Portfolio loans written off	2,643.73	1,407.60
Total	**106.82**	**50.53**

Annexure 25: Restated Standalone Statement of Exceptional Items of Income / (Expense)

Particulars	31-Mar-16	31-Mar-15
Provision no longer required written back [refer note 1 below]	1,238.94	
Total	**1,238.94**	**-**

Note 1: Year ended March 31, 2016

During the year ended March 31, 2016, the Company reached at a one-time settlement with some of the lenders who had not participated in corporate debt restructuring programme. The Company paid an agreed amount to such lenders as a full and final settlement in accordance with the approvals granted by the CDR – Empowered Group. As a result of such settlement, liabilities of Rs.1,238.94 million *(current tax for the year being 'nil', no post-tax effect considered)* were written back as those were no longer payable by the Company. Such income, arising on account of write back of liabilities, has been disclosed as an exceptional item in the restated summary statements.

Spandana Sphoorty Financial Limited
Annexure 26: Restated Standalone Statement of Earning per share (EPS)

(Rupees in Millions unless otherwise stated)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Basic Earnings Per Share (Basic EPS)		
Profit after tax	2,432.35	1,050.99
Less: Dividend on OCCRPS and tax thereon	0.10	0.10
Profit after tax for calculation of Basic EPS (A)	**2,432.25**	**1,050.89**
Less: Exceptional item (net of tax) (refer Annexure 25 for details)	1,238.94	-
Net profit/(loss) excluding exceptional items for calculation of Basic EPS (B)	**1,193.31**	**1,050.89**
Weighted average number of Equity Shares outstanding (C)	20,380,767	20,254,740
Basic EPS		
Including exceptional item (A / C)	**119.34**	**51.88**
Excluding exceptional item (B / C)	**58.55**	**51.88**
Nominal value per share	**10.00**	**10.00**
Diluted Earnings Per Share (Diluted EPS)		
Net profit for calculation of Basic EPS	2,432.25	1,050.89
Add: Dividend on OCCRPS and tax thereon	0.10	0.10
Net profit for calculation of diluted earning per share Diluted EPS (D)	**2,432.35**	**1,050.99**
Less: Exceptional item (net of tax) (refer Annexure 25 for details)	1,238.94	-
Net profit/(loss) excluding exceptional items for calculation of Diluted EPS (E)	**1,193.41**	**1,050.99**
Weighted average number of Shares used for calculating Basic EPS	20,380,767	20,254,740
Add: Effect of dilution		
Conversion of OCCRPS (refer note 1 below)	807,562,168	835,267,721
Weighted average number of shares considered for calculating Diluted EPS (F)	827,942,935	855,522,461
Diluted EPS		
Including exceptional item (D / F)	**2.94**	**1.23**
Excluding exceptional item (E/ F)	**1.44**	**1.23**
Nominal value per share	**10.00**	**10.00**

Note 1:

a. The conversion effect of OCCRPS excludes 27,651,911 OCCRPS which are due for redemption but not redeemed as at March 31, 2015 (refer Annexure 6)

b. In financial year 2015-16, the conversion of OCCRPS is assumed at face value of equity shares

Spandana Sphoorty Financial Limited
Annexure 27 : Restated Standalone Statement of Tax shelter

(Rupees in Millions unless otherwise stated)

Particulars		For the year ended March 31, 2016	For the year ended March 31, 2015
Profit before current and deferred taxes as restated	**(A)**	**2,432.35**	**1,058.82**
Tax rate			
Normal Tax rate (%)	**(B)**	34.61%	33.99%
Tax thereon			
Tax on normal profit	**(C)**	841.84	359.89
Total		**841.84**	**359.89**
Adjustments			
Permanent Differences			
Expenses disallowed under the Income Tax Act		9.84	7.25
Income exempt under Income Tax Act		(995.34)	(6.19)
Others		-	(5.72)
Subtotal	**(D)**	**(985.50)**	**(4.66)**
Temporary Differences			
Difference in depreciation as per tax and books of account		0.24	(5.65)
Provision for portfolio loans		(2,536.91)	(1,497.07)
Business losses carried forward		454.71	535.20
Difference in restated profit and reported profit due to change in accounting policy and prior period items		-	(5.50)
Expenses disallowed in previous year which are allowed in current year		(31.09)	(112.89)
Other timing differences		666.22	31.75
Subtotal	**(E)**	**(1,446.83)**	**(1,054.16)**
Net Adjustment (D+E)	**(F)**	**(2,432.33)**	**(1,058.82)**
Tax thereon			
Tax on normal profit	**(G)**	(841.84)	(359.90)
Total current tax **(H = G+C)**	**(H)**	-	-
Current tax on restated profit, as derived (rounded off)[#]		-	-
Current tax expenses as per restated summary statements		-	-

[#] Since the Company had negative taxable income for the years ended 2016 and 2015, current tax expense for these years is zero.

Notes:

1. The aforesaid Statement of Tax Shelter has been prepared as per the restated standalone summary statement of profits and losses of the Company.

2. The above statement should be read with the annexure to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexures 1, 2 and 3.

3. Income tax rate includes applicable surcharge, education cess and higher education cess of the year concerned.

(Rupees in Millions unless otherwise stated)

28.1 Segment Reporting

The Company operates in a single business segment i.e. financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

28.2 Related parties

1. Enterprises where key management personnel exercise significant influence

a) Spandana Rural and Urban Development Organization
b) Criss Financial Holdings Limited
c) Abhiram Marketing Services Limited
d) Spandana Employee Welfare Trust
e) Spandana Mutual Benefit Trust

2. Key Management Personnel

a) Padmaja Gangireddy – Managing Director
b) Mustaq Simon Andrews – Chief Financial Officer (from September 15, 2014 to December 29, 2014)
c) Ravi Verma – Chief Financial Officer (from December 29, 2014 to July 15, 2015)
d) Ramnath Krishnan – Chief Financial Officer (from July 30, 2015 to September 14, 2015)
e) Tasneem Shariff – Company Secretary (from September 14, 2013 to December 29, 2014)
f) Vibha Shinde – Company Secretary (from December 29, 2014 to January 14, 2015)

3. Relative of Key Management Personnel

a) Vijaya Sivarami Reddy

Transactions with related party:

Sr. No.	Name of the related party	Nature of transactions	Year ended	
			Mar-16	Mar-15
1	Spandana Rural and Urban Development Organization	Rent expense	7.35	2.59
		Rent deposit	0.21	2.87
		Expense reimbursement	0.11	-
2	Abhiram Marketing Services Limited	Rent income	1.70	2.16
		Commission income	32.50	30.52
		Security services	-	0.70
		Purchase of stationery	3.63	2.83
		Other Purchases	-	0.09
		Sale of gold in auction	-	0.51
		Expenses reimbursement	5.00	4.05
		Purchase of fixed assets	1.67	1.12
3	Criss Financial Holdings Limited	Expense reimbursement	0.71	0.08
		Purchase of Asset	-	0.18
		Purchase of portfolio	7.35	7.52
4	PadmajaGangireddy	Rent paid	0.57	0.49
		Remuneration #	27.84	27.84
5	Spandana Employee Welfare Trust	Expense reimbursement	0.04	-
6	Spandana Mutual Benefit Trust	Expense reimbursement	0.03	-
7	TasneemShariff	Remuneration#	-	1.34
8	VibhaShinde	Remuneration#	-	0.14
9	Mustaq Simon Andrews	Remuneration#	-	0.44
10	Ravi Verma	Remuneration#	0.45	0.76
11	Ramnath Krishnan	Remuneration#	1.12	-

#As the provision for gratuity 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.

Transactions during the year are shown net of service tax/GST and inclusive of TDS.

(Rupees in Millions unless otherwise stated)

Balances at the end of the year:

Sr. No	Name of the related party	Nature of transactions	31-Mar-16 (Payable)/ Receivable	31-Mar-15 (Payable)/ Receivable
1	Spandana Rural and Urban Development Organization	Rent expense	(0.12)	(0.03)
		Rent deposit	3.09	2.87
		Expense reimbursement	(0.01)	-
2	Abhiram Marketing Services Limited	Rent income	-	0.18
		Commission income	16.01	19.34
		Purchase of stationery	(0.64)	(0.82)
		Other Purchases	-	0.13
		Sale of Gold in auction	-	(0.00)
		Expenses reimbursement	2.50	0.04
		Purchase of fixed assets	(0.04)	(0.34)
3	Criss Financial Holdings Limited	Expenses reimbursement	0.41	0.19
		Purchase of portfolio	-	1.81
4	PadmajaGangireddy	Rent paid	(0.07)	(0.02)
		Remuneration #	(3.72)	(4.25)
		Rent Deposit Paid	0.11	0.11
5	Spandana Employee Welfare Trust	Expense reimbursement	0.04	-
6	Spandana Mutual Benefit Trust	Expense reimbursement	0.03	-

28.3 Contingent liabilities not provided for

Particulars	Mar-16	Mar-15
Claims made by Service Tax department	48.67	189.28
Credit enhancements provided towards securitization transactions	-	-
Arrears of dividend on OCCRPS not provided for		
- FY 2012-13	0.09	0.09
- FY2013-14	0.09	0.09
- FY 2014-15	0.08	0.08
- FY 2015-16	0.08	-
Tax on OCCRPS dividend	0.05	0.03
Total	**49.06**	**189.57**

(Rupees in Millions unless otherwise stated)

28.4 Employee benefit plans

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 subject to limit of Rs.1.00 million as per The Payment of Gratuity Act, 1972. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the gratuity plan.

a. Change in defined benefit obligation

Particulars	Year ended	
	Mar-16	Mar-15
Opening defined benefit obligation	21.11	8.31
Current service cost	1.85	4.73
Interest cost	1.69	0.66
Past service cost	-	-
Actuarial loss/(gain)	(3.54)	10.75
Benefits paid	(5.41)	(3.34)
Closing defined benefit obligation	**15.70**	**21.11**

b. Change in the fair value of plan assets

Particulars	Year ended	
	Mar-16	Mar-15
Opening fair value of plan assets	20.25	21.86
Expected return on plan assets	1.61	2.14
Actuarial gains	(1.53)	0.03
Employer contributions	-	-
Benefits paid	(5.41)	(3.34)
Closing fair value of plan assets	**14.92**	**20.25**

c. Balance Sheet: Details of provision for gratuity:

Particulars	Mar-16	Mar-15
Present value of funded obligations	15.70	21.11
Fair value on plan assets	14.92	20.25
Net (liability)/asset	**(0.78)**	**(0.86)**

d. Statement of profit and loss:

Net employees benefit expense (recognized in employees benefit expense):

Particulars	Year ended	
	Mar-16	Mar-15
Current service cost	1.85	4.73
Past service cost	-	-
Interest on defined benefit obligation	1.69	0.66
Expected return on plan assets	(1.54)	(1.68)
Net actuarial loss/(gain)	(2.02)	10.71
Amount included in expenses	**(0.02)**	**14.42**

(Rupees in Millions unless otherwise stated)

e. Major categories of plan assets as a percentage of fair value of total plan assets are as follows:

Category of Assets	Mar-16	Mar-15
Investment with insurer	100%	100%

f. Summary of Actuarial Assumptions:

Particulars	Mar-16	Mar-15
Discount rate	7.60%	8.00%
Expected return on plan assets	7.60%	8.00%
Salary escalation rate (p.a.)	10.00%	10.00%
Retirement age (years)	60	60

- **Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

- **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.

- **Salary escalation rate:** The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

g. Amounts for the current and previous period are as follows

Particulars	Mar-16	Mar-15
Defined benefit obligation	15.70	21.11
Fair value of plan assets	14.92	20.25
Surplus/(deficit) in the plan	(0.78)	(0.87)
Experience adjustments on plan liabilities	3.54	(10.75)
Experience adjustments on plan assets	(1.53)	0.03

28.5 Leases

Operating lease where the Company is a lessee

Head office and branch office premises are acquired on operating lease. The branch office premises are generally rented on cancellable term of eleven months with or without escalation clause, however none of the branch lease agreement carries non-cancellable lease periods. The head office premises have been obtained on a lease term of nine to eleven years with an escalation clause of fifteen percent at a three years interval. There are no non-cancellable sub-leases.

Lease payments charged to statement of profit and loss:

Particulars	For the year ended	
	Mar-16	Mar-15
Operating lease payments recognized	77.49	81.13
Minimum lease obligations		
Not later than one year	13.41	13.41
Later than one and not later than five years	20.37	33.78
Later than five years	-	-

Particulars	For the year ended	
	Mar-16	Mar-15
Sub-lease payments recognized	1.70	2.16

Sub-lease payments received (or receivable) are recognized in the statement of profit and loss.

(Rupees in Millions unless otherwise stated)

28.6 Loan portfolio and provision for standard and non-performing assets:

As at March 31, 2016

Asset Classification	Portfolio Loan outstanding (gross)		Provision for Standard and Non-performing assets				Portfolio Loan outstanding(Net)	
	Mar-16	Mar-15	Mar-15	Addition	Write back	Mar-16	Mar-16	Mar-15
Unsecured								
Standard	11,999.90	11,480.80	114.80	5.20	-	120.00	11,879.90	11,366.00
Non-performing	7,995.10	10,594.20	10,527.70	-	2,534.80	7,992.90	2.20	66.50
Subtotal(A)	**19,995.00**	**22,075.00**	**10,642.50**	**5.20**	**2,534.80**	**8,112.90**	**11,882.10**	**11,432.50**
Secured								
Standard	182.60	350.30	5.70	-	5.10	0.50	182.00	344.70
Sub-Standard	3.80	30.20	3.00	-	2.60	0.40	3.50	27.10
Doubtful	6.80	6.40	1.80	0.40	-	2.20	4.60	4.70
Subtotal(B)	**193.20**	**386.90**	**10.50**	**0.40**	**7.70**	**3.10**	**190.10**	**376.50**
Total(A+B)	**20,188.20**	**22,461.90**	**10,653.00**	**5.60**	**2,542.50**	**8,116.00**	**12,072.20**	**11,809.00**

Category of loan portfolio	Portfolio Loan outstanding (Gross)		Provision for Standard and Non-performing assets		Portfolio Loan outstanding(Net)	
	Mar-16	Mar-15	Mar-16	Mar-15	Mar-16	Mar-15
Portfolio in states of Andhra Pradesh and Telangana disbursed prior to Jan 1, 2012	7,992.90	10,527.00	7,992.90	10,527.00	-	-
Portfolio in states of Andhra Pradesh and Telangana disbursed post Jan 1, 2012 including Gold Loans	276.00	530.80	3.40	10.50	272.60	520.30
Portfolio in other states	11,919.30	11,404.10	119.70	115.40	11,799.60	11,288.70
Total	**20,188.20**	**22,461.90**	**8,116.00**	**10,652.90**	**12,072.20**	**11,809.00**

As at March 31, 2015

Asset Classification	Portfolio Loan outstanding (Gross)		Provision for Standard and Non-performing assets				Portfolio Loan outstanding(Net)	
	Mar-15	Mar-14	Mar-14	Addition	Write back	Mar-15	Mar-15	Mar-14
Unsecured								
Standard	11,480.80	8,365.60	83.70	31.10	-	114.80	11,366.00	8,281.90
Non-performing	10,594.20	12,055.30	12,055.30	-	1,527.60	10,527.70	66.50	-
Subtotal(A)	**22,075.00**	**20,420.90**	**12,139.00**	**31.10**	**1,527.60**	**10,642.50**	**11,432.50**	**8,281.90**
Secured								
Standard	350.30	611.70	6.50	-	0.80	5.70	344.70	605.20
Sub-Standard	30.20	33.90	3.40	-	0.40	3.00	27.10	30.50
Doubtful	6.40	5.60	1.10	0.70	-	1.80	4.70	4.50
Subtotal(B)	**386.90**	**651.20**	**11.00**	**0.70**	**1.20**	**10.50**	**376.50**	**640.20**
Total(A+B)	**22,461.90**	**21,072.10**	**12,150.00**	**31.80**	**1,528.80**	**10,653.00**	**11,809.00**	**8,922.10**

Category of loan portfolio	Portfolio Loan outstanding (Gross)		Provision for Standard and Non-performing assets		Portfolio Loan outstanding(Net)	
	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14
Portfolio in states of Andhra Pradesh and Telangana disbursed prior to Jan 1, 2012	10,527.00	12,054.38	10,527.00	12,040.94	-	13.44
Portfolio in states of Andhra Pradesh and Telangana disbursed post Jan 1, 2012 including Gold Loans	530.80	865.85	10.50	22.55	520.30	843.31
Portfolio in other states	11,404.10	8,151.87	115.50	86.51	11,288.70	8,065.35
Total	**22,461.90**	**21,072.10**	**10,653.00**	**12,150.00**	**11,809.00**	**8,922.10**

(Rupees in Millions unless otherwise stated)

28.7 Amounts payable to Micro, Small and Medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises as at March 31, 2016 and March31, 2015.

For the year ended March31, 2016 and March31, 2015, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

28.8 Expenditure in foreign currency

Particulars	31-Mar-16	31-Mar-15
Capital expenditure	-	4.89

(Rupees in Millions unless otherwise stated)

28.9 Additional information required by RBI

a. Capital to risk assets ratio ('CRAR'):

Particulars	31-Mar-16	31-Mar-15
CRAR (%)	-18.61%	-11.62%
CRAR-Tier I Capital (%)	-18.61%	-11.62%
CRAR-Tier II Capital (%)	-	-

The modifications to the NBFC-MFI directions issued by RBI vide its circular no.RBI/2012-13/161 DNBS (PD) CC.No.300 /03.10.038/2012-13 dated August 3, 2012 have specified that provision made towards portfolio in the state of Andhra Pradesh should be in accordance with the NBFC-ND-SI Prudential Norms and such provision should be added back notionally to the net owned funds for the purpose of calculation of the capital to risk assets ratio ('CRAR') and would be progressively reduced by 20% each year, over 5 years i.e. from March 31, 2013 to March 31, 2017. As per the progressive reduction, percentage specified in the table below in respect of provision made towards portfolio in the state of Andhra Pradesh (and Telangana) has been notionally reckoned as a part of net own funds:

Particulars	31-Mar-16	31-Mar-15
Provision reckoned in NOF	40%	60%

b. Exposure to real estate sector

Category	Particulars	Mar-16	Mar-15
A	**Direct exposure**		
I	Residential Mortgages		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	5.65	11.45
II	Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose Commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	-	-
III	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -	-	-
	Residential	-	-
	Commercial Real Estate	-	-
B	**Indirect exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
	Total	**5.65**	**11.45**

c. Outstanding of loans against security of gold as a percentage to total assets as at March 31, 2016 and March 31, 2015 is **0.89%** and **1.61%** respectively.

d. The Company has no exposure to capital market during the year ended March31, 2016 and March31, 2015.

(Rupees in Millions unless otherwise stated)

e. Asset liability management:

As on March 31, 2016:

Particulars	Upto 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
Borrowings #	-	-	-	9,187.90	-	-	-	-	**9,187.90**
Foreign currency liabilities	-	2.60	-	-	-	-	-	-	**2.60**
Advances *	1,491.70	1,417.60	1,340.00	3,346.40	4,095.30	661.50	25.80	-	**12,378.30**
Investments	-	-	-	-	-	-	-	1.00	**1.00**

#Borrowings were considered as current maturities in view of the proposed settlement described under Annexure 8.

**Net of provision towards non-performing loans and advances.*

As on March 31, 2015:

Particulars	Upto 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
Borrowings	1,591.30	321.90	350.60	1,223.70	2,992.20	3,752.50	-	-	**10,232.20**
Advances*	1,913.00	1,242.30	1,192.50	3,095.70	3,576.20	996.70	123.10	-	**12,139.50**
Investments	-	-	-	-	-	-	-	1.00	**1.00**

**Net of provision towards non-performing loans and advances.*

(Rupees in Millions unless otherwise stated)

f. Information on instances of fraud

Instances of fraud reported during the year ended March 31, 2016:

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement	69	1.82	0.47	1.35
Fake Loans	10	4.04	0.26	3.78

**Includes recoveries in respect of frauds reported in earlier years*

Instances of fraud reported during the year ended March 31, 2015:

Nature of fraud	No. of cases	Amount of fraud	Recovery*	Amount provided
Cash Embezzlement	98	3.04	0.90	2.14
Fake Loans	10	1.47	0.43	1.03

**Includes recoveries in respect of frauds reported in earlier years*

g. The Company has no transactions / exposure in derivatives during the year ended March 31, 2016 and March 31, 2015.

h. Disclosure of complaints

Particulars	Year ended	
	Mar-16	Mar-15
No. of complaints pending at the beginning	1	0
No. of complaints received during the year	329	40
No. of complaints redressed during the year	306	39
No. of complaints pending at the end *	24	1

* Resolved subsequent to balance sheet date

(Rupees in Millions unless otherwise stated)

i. Concentration of Advances, Exposures and NPAs

Particulars	Mar-16	Mar-15
Concentration of Advances		
Total advances to twenty largest borrowers	22.00	18.50
(%) of advances to twenty largest borrowers to total advances	0.11%	0.08%
Concentration of Exposures		
Total exposure to twenty largest borrowers	22.30	19.10
(%) of exposure to twenty largest borrowers to total exposure	0.11%	0.08%
Concentration of NPAs		
Total exposure to top four NPA accounts	1.40	3.80

j. Sector wise NPAs

Sector	Percentage of NPAs to total advances in that sector	
	Mar-16	Mar-15
Agriculture and allied activities	47%	57%
MSME	36%	39%
Corporate borrowers	0%	0%
Services	31%	44%
Unsecured personal loans	0%	0%
Auto loans	30%	59%
Other personal loans	48%	40%

Non-performing assets include amount of Rs.7,992.90 million as at March 31, 2016 and Rs.10,527.00 million as at March 31, 2015 representing portfolio in the state of Andhra Pradesh and Telangana originated prior to January 01, 2012 which had been fully provided for.

k. Movement of NPAs

Particulars	Mar-16	Mar-15
Net NPAs to net advances (%)	0.08%	0.83%
Movement of NPAs (gross)		
1.Opening balance	10,630.80	12,094.90
2. Additions during the year	56.20	99.40
3. Reductions during the year	(2,681.30)	(1,563.50)
4. Closing balance*	8,005.70	10,630.80
Movement of Net NPAs		
1.Opening balance	99.00	35.10
2. Additions during the year	53.70	93.00
3. Reductions during the year	(142.40)	(29.10)
4. Closing balance	10.30	99.00
Movement of provision for NPAs (excl. standard assets)		
1.Opening balance	10,532.50	12,059.90
2. Provisions made during the year	1.90	7.10
3.Write off/ write back of provisions	(2,538.90)	(1,534.50)
4.Closing balance	7,995.50	10,532.50

**Closing balance of NPAs include amount of Rs.7,992.90 million (Previous Year Rs.10,527.00 million) representing portfolio in the states of Andhra Pradesh and Telangana which had been fully provided for.*

(Rupees in Millions unless otherwise stated)

l. Investments:

Particulars			Mar-16	Mar-15
1	**Value of investments**			
	(i)	Gross value of investments		
		(a) In India	1.00	1.00
		(b) Outside India	-	-
	(ii)	Provision for depreciation		
		(a) In India	-	-
		(b) Outside India	-	-
	(iii)	Net value of investments		
		(a) In India	1.00	1.00
		(b) Outside India	-	-
2	**Movement of provisions held towards deprecation**			
	(i)	Opening balance	-	-
	(ii)	Add:Provision made during the year	-	-
	(iii)	Less: Write off/ write back	-	-
	(iv)	Closing balance	-	-

m. Details of financial assets sold to securitization / reconstruction company for asset reconstruction:
The Company has not sold financial assets to Securitization / Reconstruction companies for asset reconstruction during the financial year ended on March 31, 2016 and 2015.

n. Details of assignment transactions undertaken:
The Company has not undertaken assignment transactions in the financial year ended on March 31, 2016 and 2015.

o. Details of non-performing financial assets purchased / sold:
The Company has not purchased / sold non-performing financial assets in the financial year ended on March 31, 2016 and 2015.

p. Details of financing of parent company products:
This disclosure is not applicable as the Company does not have any holding / parent Company.

q. Unsecured Advances – Refer Annexure 15

r. Registration obtained from other financial sector regulators:
The Company is registered with the 'Ministry of Corporate Affairs' (Financial regulators as described by Ministry of Finance)

s. Disclosure of penalties imposed by RBI and other regulators:
No penalties imposed by RBI and other regulators in the financial year ended on March 31, 2016 and 2015.

t. Provisions and contingencies (shown under the head expenditure in statement of profit and loss)

Particulars	Mar-16	Mar-15
Provision for income tax (net)	-	7.83
Provision for non-performing assets	(2,537.00)	(1,527.30)
Provision for standard assets	0.10	30.20
Provision for unfructified service tax liability	20.40	-
Provision for theft & fraud	6.20	4.00
Provision for gratuity	(0.10)	14.70
Provision for leave benefits	7.90	8.20
Provision for insurance claims	1.50	(4.40)
Provision for employee loans	(0.10)	(0.20)
Provision for bonus	17.20	2.80

(Rupees in Millions unless otherwise stated)

u. Unhedged foreign currency

Particulars	As at Mar-16		As at Mar-15	
	USD	INR	USD	INR
Guarantee fee payable	-	-	0.43	27.39
Creditors for purchase of assets	0.04	2.62	0.12	10.72

v. Information on Net Interest Margin

Particulars	Mar-16	Mar-15
	(%)	(%)
Average interest charged	14.57	12.75
Average effective cost of borrowing*	13.26	12.90
Net Interest margin	1.31	(0.15)

28.10 The Company has certain litigations pending with income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liability (refer Annexure 28.3) where applicable in the restated standalone financial statements.

Spandana Sphoorty Financial Limited
Annexure 29 : Restated Standalone Statement of Accounting Ratios

(Rupees in Millions unless otherwise stated)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
I. Basic and Diluted Earnings Per Share (Rs.)		
Basic Earnings Per Share (Basic EPS)		
Profit after tax	2,432.35	1,050.99
Less : Dividend on OCCRPS and tax there on	0.10	0.10
Net profit for calculation of basic earning per share (A)	**2,432.25**	**1,050.89**
Less: Exceptional item (net of tax) (refer Annexure 25 for details)	1,238.94	-
Net profit/(loss) excluding exceptional items for calculation of basic earning per share (B)	**1,193.31**	**1,050.89**
Weighted average number of shares for calculating Basic EPS **(C)**	20,380,767	20,254,740
Basic EPS		
Including exceptional item (A/ C)	119.34	51.88
Excluding exceptional item (B / C)	58.55	51.88
Nominal value per share	**10.00**	**10.00**
Diluted Earnings Per Share (Diluted EPS)		
Net profit for calculation of basic earning per share (A)	**2,432.25**	**1,050.89**
Add: Dividend on OCCRPS and tax there on	0.10	0.10
Net profit for calculation of diluted earning per share (D)	**2,432.35**	**1,050.99**
Less: Exceptional item (net of tax) (refer Annexure 25 for details)	1,238.94	-
Net profit/(loss) excluding exceptional items for calculation of diluted earning per share (E)	**1,193.41**	**1,050.99**
Weighted average number of shares for calculating Basic EPS **(F)**	20,380,767	20,254,740
Add: Effect of dilution (G)		
0.001% Optionally convertible cumulative redeemable preference shares (OCCRPS)	807,562,168	835,267,721
Weighted average number of shares for calculating Diluted EPS **(H) = (F+G)**	827,942,935	855,522,461
Diluted EPS		
Including exceptional item (D/ H)	2.94	1.23
Excluding exceptional item (E / H)	1.44	1.23
Nominal value per share	**10.00**	**10.00**
II. Net Assets Value per equity share (Rs.)		
Net worth, as restated **(A)**	1,840.90	(361.84)
Less: Preference share capital	7,910.08	8,076.16
Net Asset Value excluding preference share capital (B)	(6,069.18)	(8,438.00)
Number of equity shares outstanding at the end of the year **(C)**	20,380,767	20,380,767
Net Assets Value per equity share (D) = (B) / (C)	**(297.79)**	**(414.02)**
III. Return on Net worth (%)		
Net Profit after tax, as restated **(A)**	2,432.35	1,050.99
Net worth, as restated **(B)**	1,840.90	(361.84)
Return on Net Worth (C) = (A) / (B)	**132.13%**	**-290.46%**

Notes

1. The figures disclosed above are based on the Restated Standalone Summary Statements of the Company.
2. The above statement should be read with the annexure to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexures 1, 2 and 3.
3. The ratios have been computed as follows:

(i) Earnings per share = $\dfrac{\text{Net profit available for equity shareholders for the year}}{\text{Weighted average number of equity shares outstanding during the year}}$

(ii) Net asset value per equity share = $\dfrac{\text{Net worth as at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$

(iii) Return on net worth (%) = $\dfrac{\text{Net profit after tax for the year}}{\text{Net worth at the end of the year}}$

4. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighing factor. The time weighing factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

5. Net worth for ratios mentioned in above note represents the aggregate of the paid up share capital and reserves and surplus (excludiung revaluation reserve, if any), as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account, if any.

6. Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings Per Share" notified under section 133 of the Companies Act 2013, read together with Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.

Spandana Sphoorty Financial Limited
Annexure 30: Statement of Dividend (for all classes of shares)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Equity shares		
Face value – (Indian Rupees)	10.00	10.00
% of dividend	Nil	Nil
Amount of dividend	Nil	Nil
0.001% Optionally convertible cumulative redeemable preference shares (OCCRPS)		
Face value – (Indian Rupees)	10.00	10.00
% of dividend	0.001%	0.001%
Amount of dividend	79,101	83,424

As per our report of even date
For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm's Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of
Spandana Sphoorty Financial Limited

per Shrawan Jalan
Partner
Membership No.102102

Padmaja Gangireddy
Managing Director
DIN: 00004842

Kartikeya Dhruv Kaji
Director
DIN: 07641723

Sudhesh Chandrasekar
Chief Financial Officer

Rakesh Jhinjharia
Company Secretary
Membership No: F8325

Place: Mumbai
Date: June 28, 2019

Place: Mumbai
Date: June 28, 2019

CAPITALISATION STATEMENT AS ADJUSTED FOR THE OFFER

Set forth below is the statement of capitalisation of the Company as at March 31, 2019, pre-Offer and post-Offer (to be calculated upon completion of the Offer), in addition to the statement of capitalisation in "*Annexure 35: Restated Consolidated Summary Statement of Capitalisation*" of the Restated Consolidated Ind AS Summary Statements, forming part of "*Financial Statements*" beginning on page 203.

(All amount in ₹ Million, unless otherwise stated)

Particulars	Pre-Offer as at March 31, 2019	Post-Offer #
Debt* (A)	**29,677.37**	**29,677.37**
Shareholders' Funds		
Equity Share Capital	596.34	643.07
Other Equity	18,298.02	22,251.29
Total Shareholders' Funds (B)	**18,894.36**	**22,894.36**
Debt / Total Shareholders' Funds (A/B)	**1.57**	**1.30**

 # The "Post-Offer" column reflects changes in shareholders' funds only on account of the proceeds from the Fresh Issue in the Offer. The Debt and Other Equity (other than securities premium) are as of March 31, 2019.
The above statement explains the impact of proceeds from the Fresh Issue of ₹4,000 million only. Out of ₹4,000 million, ₹46.73 million has been adjusted towards Equity Share Capital and ₹3,953.27 million has been adjusted towards securities premium included in Other Equity. Further, the "Post-Offer" column has not been adjusted for share issue expenses on account of the Offer that will be deducted from the amount of securities premium received from the Offer.
** Comprises of debt securities, borrowings other than debt securities and subordinated liabilities*

Set forth below is the statement of capitalisation of the Company as at March 31, 2019, pre-Offer and post-Offer (to be calculated upon completion of the Offer), in addition to the statement of capitalisation in "*Annexure 36: Restated Standalone Summary Statement of Capitalisation*" of the Restated Standalone Ind AS Summary Statements, forming part of "*Financial Statements*" beginning on page 258.

(All amount in ₹ Million, unless otherwise stated)

Particulars	Pre-Offer as at March 31, 2019	Post-Offer #
Debt* (A)	**29,451.09**	**29,451.09**
Shareholders' Funds		
Equity Share Capital	596.34	643.07
Other Equity	18,267.40	22,220.67
Total Shareholders' Funds (B)	**18,863.74**	**22,863.74**
Debt / Total Shareholders' Funds (A/B)	**1.56**	**1.29**

 # The "Post-Offer" column reflects changes in shareholders' funds only on account of the proceeds from the Fresh Issue in the Offer. The Debt and Other Equity (other than securities premium) are as of March 31, 2019.
The above statement explains the impact of proceeds from the Fresh Issue of ₹4,000 million only. Out of ₹4,000 million, ₹46.73 million has been adjusted towards equity share capital and ₹3,953.27 million has been adjusted towards securities premium included in Other Equity. Further, the "Post-Offer" column has not been adjusted for share issue expenses on account of the Offer that will be deducted from the amount of securities premium received from the Offer.
**Comprises of debt securities, borrowings other than debt securities and subordinated liabilities.*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our restated standalone and consolidated financial statements attached elsewhere in this Prospectus beginning on page 202. As we are required to prepare our financial statements in accordance with Ind AS from April 1, 2018, we have prepared restated standalone and consolidated financial statements as of and for the years ended March 31, 2019 and 2018 in accordance with Ind AS, applicable provisions of the Companies Act and restated in accordance with the SEBI ICDR Regulations and restated standalone financial statements 2017 on a proforma basis by using Ind AS principles read with the applicable circulars and guidance notes. We have also prepared restated standalone financials as of and for the years ended March 31, 2016 and 2015 in accordance with Previous Indian GAAP, applicable provisions of the Companies Act and restated in accordance with the SEBI ICDR Regulations. Ind AS and Previous Indian GAAP differ in certain material respects with IFRS and U.S. GAAP.

For Fiscal 2017, we did not have any subsidiaries and hence our financial statements have been prepared on a standalone basis only. Our subsidiary CFSL was incorporated in October 2017 and we acquired our subsidiary CFL in December 2018. We have prepared both standalone and consolidated financial statements for Fiscals 2018 and 2019. Unless otherwise stated, all financial information for Fiscal 2017 in this section is provided on a standalone basis and all financial information for Fiscals 2018 and 2019 is provided on a consolidated basis.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year.

This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Forward-looking Statements" and "Risk Factors" on pages 17 and 18, respectively.

Overview

We are a leading, rural focused NBFC-MFI with a geographically diversified presence in India. We offer income generation loans under the joint liability group model, predominantly to women from low-income households in Rural Areas. As of March 31, 2019, we were the fourth largest NBFC-MFI and the sixth largest amongst NBFC-MFIs and SFBs in India, in terms of AUM (*Source: ICRA Research; see "Industry Overview – Competitive Benchmarking"* on page 119). Further, according to ICRA Research, our operating expense to AMA ratio was better than the industry as a whole for Fiscal 2019.

Through our extensive corporate history, we have developed an in-depth understanding of the borrowing requirements of the low-income client segment. Our business model involves regular client meeting processes through our employees, who maintain contact with our clients across the districts that we cover. As of June 30, 2019, we had 7,062 employees (including 5,051 credit assistants) operating out of 929 branches in 269 districts across 16 states and 1 union territory in India. Through our loan products and client-centric approach, we endeavour to strengthen the socio-economic well-being of low-income households by providing financing on a sustainable basis in order to improve livelihoods, establish identity and enhance self-esteem.

We were incorporated as a public company in 2003 and registered as an NBFC with the RBI in 2004. Subsequently, we registered as an NBFC-MFI in 2015. Between the years 2005 to 2010, we grew our micro-finance operations and, as of March 2010, we were the second largest MFI in terms of AUM (*Source: ICRA Research*).

In October 2010, the MFI industry (including us) was severely impacted due to external regulatory action, as the government of the formerly unified Andhra Pradesh promulgated the AP Microfinance Ordinance 2010, which enforced several restrictions on the operations of MFIs (for details, see "*Industry Overview – Historical Growth and Development of the Microfinance Industry – Andhra Pradesh (AP) Ordinance (2010)*"). This severely impacted our collections and the consequent cash-flow shortage impacted our ability to service our debt, which in turn impaired our growth and profitability. Our lenders referred us to the CDR mechanism of the RBI to develop a plan to restructure our borrowings and revive our business. We agreed on a CDR plan with our lenders, which allowed us to get cash-flow relaxations to enable us to continue our efforts towards portfolio diversification, process improvement and cost rationalization. These measures helped us turn our operations profitable from the year ended March 31, 2014.

Further during the time that we were under CDR, we deployed efforts to recover dues in AP, such as continuing to keep our branches open and continuing to engage with borrowers. Our operations turned profitable in the year ended March 31, 2014 and we went on to make profits for four consecutive years while operating under the CDR mechanism. Our restated standalone profit after tax (under Previous Indian GAAP) was ₹1,050.99 million and ₹2,432.35 million for Fiscals 2015 and 2016. Our restated standalone profit for the period (under Ind AS) was ₹4,434.14 million, for Fiscal 2017, and our restated consolidated profit for the period (under Ind AS) for Fiscals 2018 and 2019 was ₹1,879.46 million and ₹3,119.00 million. As a result of our collections from the old AP portfolio and the profits generated from our operations in other states, we were able to restructure our outstanding debt as well as raise refinancing debt from our existing CDR lenders. We also received capital infusion from Kangchenjunga, our Corporate Promoter, and Kedaara AIF – 1, which enabled us to exit from CDR mechanism successfully in March 2017 with approvals from the RBI and our lenders. ICRA Research notes that we were one of only two major companies that were able to successfully exit from CDR.

Post our exit from CDR in March 2017, we increased our lender base, diversified our borrowings to new banks and NBFCs and also issued NCDs in the capital markets (leading to a reduction in Average Effective Cost of Borrowing from 16.31% for Fiscal 2017 to 14.74% for Fiscal 2018 and further to 12.84% for Fiscal 2019). As a result, during Fiscal 2018, with increasing flow of capital, we expanded our operations and were able to effectively utilize our existing branch network and employees (that were earlier underutilized due to lack of capital). Prior to our exit from CDR in 2017, we had limited access to capital, due to which we were able to offer loans in lower ticket sizes than the demand from our clients. According to ICRA Research, we had the lowest portfolio per branch amongst peer comparison of major NBFC-MFIs and SFBs, as of March 31, 2017. Post exit from CDR, we were able to optimize the ticket sizes and also acquire new clients at existing and new branches. This helped us grow our Gross AUM in Fiscal 2018 at one of the highest rates (143.8%) among large NBFC-MFIs in India (*Source: ICRA Research; see "Industry Overview – Competitive Benchmarking"* on page 119). Over Fiscals 2018 and 2019, our Disbursements increased by 87.34% and 28.82% (from ₹20,591.65 million as of March 31, 2017 to ₹38,576.48 million as of March 31, 2018 and to ₹49,692.83 million as of March 31, 2019) and our standalone Gross AUM was ₹13,015.36 million as of March 31,2017 and our consolidated Gross AUM grew from ₹31,667.85 million as of March 31, 2018 and to ₹44,372.78 million as of March 31, 2019. For further details, please see "*Selected Statistical Information*" on page 193.

The following table sets forth our key financial and operational metrics as of or for the periods indicated:

	As of / For the		
	Year ended March 31, 2019 (consolidated)	**Year ended March 31, 2018 (consolidated)**	**Year ended March 31, 2017 (standalone)**
	(₹ in millions, except percentages and number of borrowers)		
Gross AUM(1)	44,372.78	31,667.85	13,015.36
Gross AUM Growth (%)(2)	40.12%	143.31%	6.78%
Disbursements(3)	49,692.83	38,576.48	20,591.65
Disbursement Growth(4)	28.82%	87.34%	14.83%
Borrowers (millions) (5)	2.46	1.59	1.06
Total Income(6)	10,485.29	5,875.31	3,786.66
Operating Expense / Annual Average Gross AUM(7)	4.52%	4.85%	7.61%
Cost to Income Ratio(8)	24.89%	30.49%	41.78%
Impairment of financial instruments / Annual Average Gross AUM(9)	1.19%	-1.58%	7.81%
Profit before tax(10)	4,734.72	2,827.01	455.86
Profit for the period(11)	3,119.00	1,879.46	4,434.14
Stage III PAR 90+ (excluding the old AP Portfolio)(12)	43.11	719.35	892.56
Stage III PAR 90+ (excluding the old AP Portfolio) Ratio(13)	0.10%	2.27%	6.86%
Stage III PAR 90+ Net (excluding the old AP Portfolio)(14)	6.11	117.45	87.21
Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio (15)	0.01%	0.38%	0.71%
Collection Efficiency(16)	99.74%	99.25%	97.13%
Return on Annual Average Gross AUM Portfolio (17)	8.20%	8.41%	35.21%
Return on Annual Average Net Worth (18)	19.02%	16.21%	79.77%
Net Worth(19)	18,894.36	13,906.36	9,275.69

Figures disclosed in the above table, except "Total Revenue", "Profit before Tax" and "Profit after Tax" are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

Notes:

For Fiscal 2017, we did not have any subsidiaries. Accordingly, our financial statements for Fiscal 2017 are prepared on a standalone basis only. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations – Introductory Note Regarding Financial Information Presented in this Chapter" on page 372 of this Prospectus.

(1) Gross AUM represents the total portfolio loans outstanding (gross i.e. without netting-off the related provisioning) held by us as well as the outstanding of loan portfolio which have been assigned by us by way of assignment as at the end of the relevant year, excluding loan portfolio originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012.

(2) Gross AUM Growth represents percentage growth in Gross AUM for the relevant year over Gross AUM of the previous year.

(3) Disbursements represent the aggregate of all loan amounts extended to our clients in the relevant year.

(4) Disbursement Growth represents percentage growth in disbursement for the relevant year over disbursement of the previous year.

(5) Borrowers represents the number of customers who have active loan accounts with us as at the end of the relevant year.

(6) Total Income represents our restated total income for the year.

(7) *Operating Expense represents employee benefits expenses, depreciation and amortization expenses and other expenses. Annual Average Gross AUM is the simple average of our Gross AUM as of the last day of the relevant year and our Gross AUM as of the last day of the previous year.*
(8) *Cost to Income Ratio represents the sum of employee benefits expenses, other expenses, and depreciation and amortization expenses as a percentage of Total Income plus our restated Other Income minus Finance Costs.*
(9) *Impairment on financial instruments represents our restated impairment on financial instruments.*
(10) *Profit before tax represents our restated profit before tax.*
(11) *Profit for the period represents our restated profit for the period.*
(12) *Stage III PAR 90+ (excluding the old AP Portfolio) represents total loan outstanding that are overdue for 90 days or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio), as of the last day of the relevant year, excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012.*
(13) *Stage III PAR 90+ (excluding the old AP Portfolio) Ratio represents "Stage III PAR 90+ (excluding the old AP Portfolio)" (as defined above) as a percentage of Gross AUM as at the date mentioned.*
(14) *Stage III PAR 90+ Net (excluding the old AP Portfolio) represents the total loan outstanding that are overdue for 90 days or more (including any such loan outstanding that form part of our securitized or assigned loan portfolio), as of the last day of the relevant year, excluding loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012, as reduced by the provision for such loans (excluding provision for loans originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012).*
(15) *Stage III PAR 90+ Net (excluding the old AP Portfolio) Ratio represents "Stage III PAR 90+ Net (excluding the old AP Portfolio)" (as defined above) as a percentage of Gross AUM (net of provision for such PAR 90+ loans) as at the date mentioned.*
(16) *Collection Efficiency represents the ratio of our collections (including overdue collections) for the year to billings for the year.*
(17) *Return on Annual Average Gross AUM is calculated as our Profit for the period for the relevant year as a percentage of our Annual Average Gross AUM in such year.*
(18) *Return on Annual Average Net Worth is calculated as our Profit for the period for the relevant year as a percentage of our Annual Average Net Worth in such year.*
(19) *Net Worth represents our restated net worth as of the last day of the relevant year.*

Introductory Note Regarding Financial Information Presented in this Chapter

For Fiscal 2017, we did not have any subsidiaries and hence our financial statements for Fiscal 2017 have been prepared on a standalone basis only. Our subsidiary CFSL was incorporated in October 2017 and we acquired our subsidiary CFL in December 2018. Accordingly, we have prepared both standalone and consolidated financial statements for Fiscals 2018 and 2019. Unless otherwise stated, all financial information for Fiscal 2017 in this section is provided on a standalone basis and all financial information for Fiscals 2018 and 2019 is provided on a consolidated basis.

In the section titled "*Our Results of Operations*", we compare our consolidated results of operations for Fiscal 2019 with our consolidated results of operations for Fiscal 2018; and our standalone results of operations for Fiscal 2018 with our standalone results of operations for Fiscal 2017. While we do not believe that our subsidiaries CFSL and CFL have had a material impact on our consolidated financial statements for Fiscal 2018 and 2019, our standalone financial statement for Fiscal 2017 may not be comparable with our consolidated financial statements for Fiscals 2018 and 2019.

For further details in relation to our subsidiaries, please see "*History and Certain Corporate Matters – Our Subsidiaries*" on page 158. For our restated standalone and consolidated financial statements, please see "*Financial Statements*" on page 202.

Factors Affecting Our Results of Operations

The performance and growth potential of the micro-finance industry in India

As an NBFC-MFI, we are impacted by (and will continue to be impacted by) the performance of the micro-finance industry in India, especially in rural India (where our operations are focused). According to ICRA Research, with increasing demand for micro-credit, the size of the overall microfinance sector has witnessed steady growth over the years, with the market size growing at a CAGR of 23.1% in the period from the year ended March 31, 2009 to the year ended March 31, 2019. The demand increase is attributed to improving awareness and deeper penetration into rural India, leading to increased volumes. Further, increasing inflation leading to increased ticket sizes in first loan cycles and higher number of borrowers in higher loan cycles has been driving higher average ticket sizes and higher loan amounts (*Source: ICRA Research*). This overall increase in market size has contributed to the growth of our business in prior periods.

However, certain events in the past have disrupted the growth of the micro-finance industry and have also had an adverse impact on our financial results. For example, in October 2010, due to the promulgation of an ordinance by the formerly unified Andhra Pradesh government ("**AP Microfinance Ordinance**"), introducing stringent measures on the MFI industry, our business and operations were severely impacted. For further details on the background and impact of the AP Microfinance Ordinance on the industry, see "*Industry Overview*" on page 100. Due to the concentration of our business in the formerly unified Andhra Pradesh at the time, our collections were impacted which adversely affected our ability to service our debt. We also had to make a provision for our outstanding loan portfolio originating from the formerly unified Andhra Pradesh. While we have managed to collect a significant amount of outstanding loans from the formerly unified Andhra Pradesh, our financial statements continue to include Stage III old AP Portfolio originating from Andhra Pradesh and Telangana disbursed prior to January 1, 2012. As of March 31, 2019, such Stage III old AP Portfolio amounted to ₹3,584.70 million and our Gross AUM (including the old AP Portfolio) for the same period was ₹47,957.48 million.

In the aftermath of the AP Microfinance Ordinance, our lenders referred us to the CDR mechanism of the RBI to develop a plan to restructure our borrowings and revive our business. For further details in relation to the CDR process, please see "*Annexure 5.2 of our restated standalone financial statements as of and for the years ended March 31, 2016*" on page 335.

During the period that we were in CDR, we deployed extra efforts to recover dues in Andhra Pradesh and also continued our operations in the rest of India. Our operations turned profitable in the year ended March 31, 2014 and we went on to make profits for four consecutive years while operating under the CDR mechanism. Our restated profit after tax (under Previous Indian GAAP) was ₹1,050.99 million and ₹2,432.35 million for Fiscals 2015 and 2016. Our standalone restated profit for the period (under Ind AS) for Fiscal 2017 was ₹4,434.14 million and our consolidated restated profit for the period (under Ind AS) for Fiscals 2018 and 2019 was ₹1,879.46 million and ₹3,119.00 million, respectively. The collections from Andhra Pradesh coupled with the profitability derived from the streamlining of operations helped us to raise refinancing debt from existing CDR lenders. Further, capital infusion from our Corporate Promoter, Kangchenjunga, and from Kedaara AIF 1, enabled us to exit the CDR mechanism successfully in March 2017 after receiving approvals from RBI and concerned lenders.

Further, in November 2016, the Indian government announced the demonetization of bank notes of ₹500 and ₹1,000 denominations which also impacted our business. ICRA Research notes that in the aftermath of demonetization, inadequate currency supply, political interference in some states and disruption in borrower cash flows led to a sharp dip in MFIs' collection efficiencies (from over 98% prior to demonetization to approximately 75-80% in November and December 2016). We were also adversely affected by the effects of demonetization. However, ICRA Research notes that our performance (in terms of reductions in 30 days past due ("**dpd**") delinquencies and 90 dpd delinquencies) was superior to the industry, as a result of our rural focus, lower share of portfolio in affected districts and our geographically diversified portfolio. For further details, please see "*Industry Overview – Competitive Benchmarking*" on page 119.

Any such disruptive events in the future may adversely affect our results of operations in future periods.

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. In this regard, ICRA Research notes that 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, micro-finance institutions are well placed to address this demand which is currently being met by informal sources such as local money lenders. Accordingly, with our focus on the rural segment as of December 31, 2018, 88% of our portfolio was located in Rural Areas, as compared with 61% for 33 NBFC-MFIs as a whole (*Source: ICRA Research*). We expect to benefit from the expected growth potential for microfinance in rural India.

However, on the other hand, we are also exposed to the general risks relating to the microfinance industry. 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 – Microfinance loans are unsecured and are susceptible to certain operational, credit and political risks which may result in increased levels of NPAs, thereby adversely affecting our business, results of operations and financial condition*" on page 24.

The popularity of our loan products

We derive most of our revenue from interest income. For the year ended March 31, 2017, standalone interest income amounted to 98.29% of standalone revenue from operations. For the years ended March 31, 2018 and 2019 consolidated interest income amounted to 97.57% and 95.66% of our consolidated revenue from operations, respectively. We specialize in providing income generation loans to women in Rural Areas under the joint liability group model.

As a result of our long-standing corporate history and the expertise of our Promoter and management team, we have a deep understanding of the requirements of clients in Rural Areas, the nuances of lending to these individuals and issues specific to the microfinance industry in India. As a result, we were able to successfully exit from CDR and have been able to grow our Gross AUM post our exit (despite the disruptive impact of demonetisation on the micro-finance industry).

Our standalone revenue from operations increased from ₹3,770.64 million for the year ended March 31, 2017 to ₹5,872.74 milion for the year ended March 31, 2018, and our consolidated revenue from operations increased from ₹5,873.06 million for the year ended March 31, 2018 to ₹10,430.96 million for the year ended March 31, 2019. This increase was mainly on account of the increase in volume of our portfolio loans to both existing and new clients. For a detailed discussion of the reasons for the increase in our income from portfolio loans in prior periods, please see "*– Our Results of Operations*". We believe our focus on providing financing to our client on a speedy and continual basis according to their life cycle needs has led to the popularity of our income generation products, thereby driving the growth in our revenue from operations.

Going forward, in line with our growth strategy, we expect income generation loans to continue to contribute a significant portion to our revenue from operations and expect to leverage their popularity to derive organic business growth. For further details on our growth strategy, please see "*Our Business – Our Strategy*".

Availability of Cost-Effective Sources of Funding

Our ability to meet client demand for new loans will depend on our ability to obtain additional financing on acceptable and cost-effective terms. Our funding sources are varied, as we believe that a diversified debt profile ensures that we are not overly dependent on any one type or source for funding. We meet our funding requirement through diverse sources, such as term loans from banks, financial institutions and non-banking financial companies, proceeds from loan assets assigned and securitized, proceeds from the issuance of NCDs. We believe that this enables us to meet our funding in a cost efficient manner.

As of March 31, 2019, we had consolidated total borrowings aggregating to ₹29,677.37 million, comprising debt securities amounting to ₹13,719.64 million, borrowings (other than debt securities) amounting to ₹15,754.79 million and subordinated liabilities amounting to ₹202.94 million, each on a consolidated basis.

Our debt service costs and overall cost of funds depend on many external factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. Internal factors that affect our cost of funds include our credit ratings, cash flows and available credit limits. Any increase in our cost of funds may lead to a reduction in our net interest margin, or require us to increase interest rates on loans disbursed to clients in the future to maintain our net interest margin.

We increased our lender base from three lenders as of March 31, 2017 to 22 lenders as of March 31, 2018 and 28 lenders as of March 31, 2019. Further, while we did not have a credit rating as of March 31, 2017, our credit ratings improved from BBB- (Stable) as of August 2017 to BBB+ (Stable) in May 2018 and to A- (stable) as of March 2019. Our Average Effective Cost of Borrowing on a standalone basis was 16.31% for the year ended March 31, 2017 and was 14.74% for the year ended March 31, 2018 on a consolidated basis and 12.84% for the year ended March 31, 2019 on a consolidated basis. For further details of our borrowing profile, please see "*Selected Statistical Information – Borrowing Profile*" on page 200. We intend to further diversify our lender base by raising financing through lower cost avenues such as capital markets instruments such as NCDs, commercial paper and securitizations and through term loans under priority sector lending from banks. This diversification will enable us to effectively meet our funding requirements and further optimize our Average Effective Cost of Borrowings.

Our Ability to Manage Finance Costs and Fluctuations in Interest Rates Effectively

Our results of operations depend substantially on the level of our net interest income (representing our revenue from operations as reduced by our finance costs). Our standalone finance costs amounted to 39.45% of our standalone total income for the year ended March 31, 2017, and our consolidated finance costs amounted to 39.45% and 34.13% of our consolidated total income for the years ended March 31, 2018 and 2019, respectively.

The differential between the interest rates that we charge on interest-earning assets and the interest rates that we pay on interest-bearing liabilities, and the volume of such assets and liabilities, tend to have a significant impact on our results of operations. Changes in market interest rates affect the interest rates we charge on our interest-earning assets differently from the interest rates we pay on our interest-bearing liabilities and also affect the value of our investments. 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 loans and advances or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our interest-earning assets. The differences between repricing maturities of rate sensitive liabilities and rate sensitive assets, called repricing gaps, exposes our business to interest rate risk.

Our business is also exposed to interest rate risk in the form of non-uniform movement in different interest rate benchmarks that are used for pricing of our assets and liabilities. Such scenarios would lead to a reduction in our net interest income (representing our revenue from operations as reduced by our finance costs) and net interest margin. The quantum of the changes in interest rates for our assets and liabilities may also be different, leading to a decrease in the interest margin.

The table below sets forth certain key financial indicators as of or for the periods specified:

Metric	**As of and for the year ended March 31,**		
	2019 (consolidated)	**2018 (consolidated)**	**2017 (standalone)**
		(₹ in million)	
Revenue from operations[1]	10,430.96	5,873.06	3,770.64
Other income[2]	54.33	2.25	16.02
Finance costs[3]	3,578.65	2,317.91	1,493.89
Net interest income[4]	6,232.84	3,357.21	2,210.74
Net Interest Margin (NIM-R):			
Average Interest Charged (A)[5]	22.82%	23.34%	25.72%
Average Effective Cost of Borrowing (B)[6]	12.84%	14.74%	16.31%
NIM-R (A-B)[7]	9.98%	8.60%	9.41%

Figures disclosed in the above table, except "Revenue from Operations", "Other Income" and "Finance Costs" are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

(1) *Revenue from operations represents our restated revenue from operations for the year.*
(2) *Other income represents our restated other income for the year.*
(3) *Finance Costs represents our restated finance costs for the year, comprising interest expense on debt securities, borrowings (other than debt securities) subordinated liabilities and income tax and other finance cost.*
(4) *Net Interest Income represents Gross Interest Income for the relevant year reduced by Finance Costs and Cost of Portfolio Derecognized in such year.*
(5) *Average Interest Charged represents interest income from qualifying assets, as defined by the RBI, which is gross loan portfolio outstanding during the period (excluding loan portfolio originating from the states of Andhra Pradesh and Telangana that were disbursed prior to January 1, 2012) divided by the monthly average qualifying assets for the relevant year. Gross loan portfolio outstanding considered for computation of "average interest charged" is gross of the impairment allowance. Securitised loans qualifying for de-recognition as per RBI's "true sale" criteria and related interest income have not been considered for computation of "average interest charged".*
(6) *For Fiscals 2017, 2018 and 2019, Average Effective Cost of Borrowing, as defined by the RBI, is our total finance costs less interest income on margin money deposits placed as collateral during the year divided by our monthly average total borrowings. The purchase consideration received towards securitisations and related finance costs have not been considered for computation of "average effective cost of borrowings". As per Ind AS 109, such loans and borrowings continue to be recognized on the balance sheet in the Ind AS financial statements.*
(7) *NIM-R represents net interest margin computed as Average Interest Charged less Average Effective Cost of Borrowing*
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Our Credit Quality and Levels of Impairments and Write-offs

Our ability to manage the credit quality of our loans is a key driver of our results of operations. In accordance with our accounting policies, we are required to measure expected credit losses on our loan portfolio. We assess credit risk on our portfolio by classifying our portfolio into Stage I, Stage II and Stage III assets (for details, please see "*Critical Accounting Policies – Provisioning Policy for Loan Portfolio under Ind-AS*" on page 383). As the number of our loans that become non-performing increases, the credit quality of our loan portfolio decreases, which leads to an increase in our impairments and write-offs, thereby adversely affecting our profitability and margins.

Further, our credit quality is also susceptible to external events that impact the industry as a whole. In the aftermath of the AP Microfinance Ordinance, we had to make provisions for our outstanding portfolio of loans originating from the formerly unified Andhra Pradesh, which significantly affected our results of operations and financial condition. With a view to minimizing impairments and write-offs, we follow robust diversification, risk management, credit assessment and expansion policies. For instance, to address geographic concentration risk, we follow specified disbursement caps at the state, district and branch levels. In addition, we follow a systematic eligibility criteria for clients, which is aimed at minimizing loan defaults and avoiding lending to fake borrowers. We also utilize credit bureaus to independently assess the credit-worthiness of prospective borrowers. In addition, in order to prevent frauds by our employees, we follow a standard transfer policy, whereby all our field employees are transferred after spending a fixed period (not exceeding 12 months) at one location. We also have well-established internal controls and our internal audit department, which is overseen by the audit and risk management committee of our board, is an independent function which evaluates operational risks, internal controls, adherence to systems and conducts timely inspection of our branches. For further details, please see "*Our Business – Client Selection Policies and Processes*".

Our well diversified geographic portfolio, credit assessment policies and effective risk management policies have resulted in healthy asset quality. The following table shows our key portfolio indicators:

Stage	**As at March 31, 2019 (Consolidated)**		**As at March 31, 2018 (Consolidated)**		**As at March 31, 2017 (Standalone)**	
	Amount	**% of total Loan Portfolio**	**Amount**	**% of total Loan Portfolio**	**Amount**	**% of total Loan Portfolio**
Stage I Portfolio [(1)]	42,606.88	99.83%	30,835.62	99.80%	11,736.43	98.25%
Stage II Portfolio [(2)]	65.27	0.15%	2.51	0.01%	166.24	1.39%
Stage III Portfolio [(3)]	5.44	0.01%	58.13	0.19%	42.82	0.36%
Total	42,677.59	100.00%	30,896.26	100.00%	11,945.49	100.00%

Notes:

(1) Stage I Portfolio comprises our loan portfolio outstanding that is overdue for 30 days or less.
(2) Stage II Portfolio comprises our loan portfolio outstanding that is overdue for a period exceeding 30 days.
(3) Stage III Portfolio comprises our loan portfolio outstanding that is overdue for a period exceeding 90 days.
For further details, please see "Critical Accounting Policies – Provisioning Policy for Loan Portfolio under Ind-AS" on page 383.

Our Ability to Manage Operating Expenses and Increase Employee Productivity

Since our exit from CDR in March 2017, we increased our lender base, diversified our borrowings and also received additional capital infusion amounting to ₹2,442.13 million in the year ended March 31, 2018 from our Corporate Promoter, Kangchenjunga and Kedaara AIF 1. Further, in the year ended March 31, 2019, we received additional capital infusion amounting to ₹1,359.83 million from our Corporate Promoter and ₹34.13 million from others. As a result, during the year ended March 31, 2018, with increasing flow of capital, we expanded our operations, as we were able to effectively utilize our existing branch network and employees (that were earlier underutilized due to lack of capital) and also expand our branch network and employee base. We also increased our branches from 526 as of March 31, 2017 to 694 as of March 31, 2018 and further to 925 as of March 31, 2019. According to ICRA Research, we had the lowest portfolio per branch amongst peer comparison of certain major NBFC-MFIs and SFBs, as of March 31, 2019.

We also increased the number of our loan officers from 1,984 as of March 31, 2017 to 2,746 as of March 31, 2018 to 4,674 as of March 31, 2019. Further, we also encouraged our employees to increase productivity during the period, which led to an increase in our Gross AUM per branch from ₹24.74 million as of March 31, 2017 to ₹45.63 million as of March 31, 2018 to ₹47.97 million as of March 31, 2019 and our Gross AUM per employee from ₹4.47 million as of March 31, 2017 to ₹9.08 million as of March 31, 2018 and further to ₹12.58 million as of March 31, 2019. As a result of our efforts to increase our employee productivity, despite our increase in branches and employees, our Operating Expense to Annual Average Gross AUM ratio decreased from 7.61% as of March 31, 2017 to 4.52% as of March 31, 2019, which we believe reflects the cost efficiency of our business operations.

Going forward, as we further increase our loan portfolio, controlling our operating expenses will be critical in maintaining our profitability. 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. Additionally, 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. At the branch level, we have implemented standardized systems and a simple front-end interface that reduces the operating cost and time of conducting transactions.

Further, as part of our growth strategy, we also intend to expand our branch network to increase our presence in under-penetrated states and districts (for further details, please see "Our Business – Our Strategy". For the year ended March 31, 2017, our standalone employee benefits expenses amounted to ₹580.54 million or 15.33% of our standalone total income. For the years ended March 31, 2018 and 2019, our consolidated employee benefits expenses amounted to ₹758.71 million and ₹1,310.46 million, respectively, or 12.91% and 12.50% of our consolidated total income, respectively. Our results of operations will be affected by our ability to manage operating expenses as we expand, in particular by the increase in our employee benefits expense. As we further expand our branch network, we will need to increase headcount both at the field and head office level. However, as our operations expand, we also expect to derive benefits from economies of scale, which we believe will assist us in optimizing our operating expenses. In addition, we also continue to invest in our technology platform and technology-enabled operating procedures to increase operational and management efficiencies.

Government Policy and Regulation

Our results of operations and continued growth depend on government policies and regulation. As an NBFC-MFI, we will continue to be affected by a number of regulations promulgated by the RBI that regulate, among other things, standard assets provisioning norms, capital adequacy norms and other lending stipulations and other operational restrictions. For details, see "*Regulations and Policies*" on page 146. Any change in the regulatory framework affecting NBFC-MFIs, and in particular those requiring to maintain certain financial ratios, accessing funds or lending to NBFC-MFIs by banks among others including priority-sector lending norms, would adversely affect our results of operations and growth.

Critical Accounting Policies

Use of estimates, judgments and assumptions

The preparation of our financial statements in conformity with the Ind AS requires our management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. We set forth below the critical accounting policies which we believe to be most significant:

Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of loan portfolio

Judgment is required by our 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, we make judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality and level of arrears 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 entitlements and litigation provisions. 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.

Recognition of income and expense

Revenue is recognized to the extent that it is probable that the economic benefits will flow to us and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

<u>(i) Interest income and expense</u>

Interest revenue is recognized using the effective interest 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 effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

We calculate interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as a 'Stage 3' asset, the Group calculates 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 Group reverts to calculating interest income on a gross basis.

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.

Impairment

i) Overview of principles for measuring expected credit loss ('ECL') on financial assets.

In accordance with Ind AS 109, we are required to measure expected credit losses on its financial instruments designated at amortized cost and fair value through other comprehensive income. Accordingly, we are required to determine lifetime losses on financial instruments where credit risk has increased significantly since its origination. For other instruments, we are required to recognize credit losses over next 12 month period. We have an option to determine such losses on individual basis or collectively depending upon the nature of underlying portfolio. We have a process to assess credit risk of all exposures at each year end as follows:

Stage I

These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. We have assessed that all standard exposures (i.e. exposures with no overdues) and exposure up to 30 day overdues fall under this category. In accordance with Ind AS 109, we measure ECL on such assets over next 12 months.

Stage II

Financial instruments 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, we classify all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Group measures lifetime ECL on stage II loans.

Stage III

All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, we measure lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount.

Methodology for calculating ECL

We determine ECL based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. We do not discount such shortfalls considering relatively shorter tenure of loan contracts.

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 (12-month or lifetime, depending upon the stage of the asset).

- Exposure at default (EAD) – It represents an estimate of our exposure at a future date after considering repayments by the counterparty before the default event occurs.

- Loss given default (LGD) – It represents an estimate of the loss expected to be incurred when the event of default occurs.

Forward looking information

While estimating the expected credit losses, we review macro-economic developments occurring in the economy and market we operate in. On a periodic basis, we analyse if there is any relationship between key economic trends such as GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by us based on our internal data. While our internal estimates of PD, LGD rates may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when we determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. All such write-offs are charged to the Profit and Loss Statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

Income taxes

Current Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with The Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are 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).

Deferred Taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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 only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized as income tax benefits or expenses in the income statement except for tax related to the FVOCI instruments. We also recognize the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

We only off-set our deferred tax assets against liabilities when there is both a legal right to offset and it is our intention to settle on a net basis.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognized for MAT credit available only to the extent that it is probable that we will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which we recognize MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. We review the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

Provisions

Provisions are recognized when we have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, we determine the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The increase in the provision due to un-winding of discount over passage of time is recognized within finance costs.

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 instruments.

Financial Assets - All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories:

- Loan Portfolio at amortized cost
- Loan Portfolio at fair value through other comprehensive income (FVOCI)
- Investment in equity instruments and mutual funds at fair value through profit or loss
- Other financial assets at amortized cost

Loan Portfolio at amortized cost:

Loan Portfolio is measured at amortized cost where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

Loan Portfolio at FVOCI:

Loan Portfolio is measured at FVOCI where:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- the financial asset is held within a business model where objective is achieved by both collecting contractual cash flows and selling financial assets.

Business model: The business model reflects how we manage the assets in order to generate cash flows. That is, where our objective is solely to collect the contractual cash flows from the assets, the same is measured at amortized cost or where our objective is to collect both the contractual cash flows and cash flows arising from the sale of assets, the same is measured at fair value through other comprehensive income (FVOCI). If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

SPPI*:* 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), we assess whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, we consider 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, these financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized 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 finance income in the profit or loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described in Note: Impairment of financial assets (refer note 3(e)).

Effective interest method - The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The amortized cost of the financial asset is adjusted if the Group revises its estimates of payments or receipts. The adjusted amortized cost is calculated based on the original or latest re-estimated EIR and the change is recorded as 'Interest and similar income' for financial assets. Income is recognized on an effective interest basis for loan portfolio other than those financial assets classified as at FVTPL

Equity instruments and Mutual Funds

Equity instruments and mutual funds included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss Statement.

Financial liabilities

Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Our financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

De-recognition

We derecognize a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by us is recognized as a separate asset or liability.

A financial liability is derecognized from the balance sheet when we have discharged its obligation or the contract is cancelled or expires.

Fair value measurement

We measure financial instruments at fair value at each balance sheet date using various valuation techniques.

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

Our accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said restated consolidated summary statements.

We are required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the restated consolidated summary statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement).

Accordingly, we use 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.

All assets and liabilities for which fair value is measured or disclosed in the restated consolidated summary statements are categorized within the fair value hierarchy described as follows:

Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that we have access to at the measurement date. We consider markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

Level 3 financial instruments − include 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.

Provisioning Policy for Loan Portfolio under Ind AS

Impairment

Overview of principles for measuring expected credit losses ('ECL') on financial assets

In accordance with our accounting policies, we are required to measure expected credit losses on our financial instruments designated at amortised cost.

We have a process to assess credit risk of all exposures at each reporting period as follows:

Stage I: These represent exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date. We have assessed that all standard exposures (i.e. exposures with no overdues) and exposure up to 30-day overdues fall under this category. In accordance with our accounting policies, we measure ECL on such assets over next 12 months.

Stage II: Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. We classify all exposures with overdues exceeding 30 days at each reporting date under this Stage. The Company measures lifetime ECL on stage II loans.

Stage III: All exposures having overdue balances for a period exceeding 90 days are considered to be defaults and are classified under this stage. Accordingly, we measure lifetime losses on such exposure. Interest revenue on such contracts is calculated by applying the effective interest rate to the amortized cost (net of impairment allowance) instead of the gross carrying amount.

We determine ECL based on based on a probability weighted outcome of factors indicated below to measure the shortfalls in collecting contractual cash flows. We do not discount such shortfalls considering relatively shorter tenure of loan contracts. 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.

Exposure at default (EAD) – It represents an estimate of the exposure of us at a future date after considering repayments by the counterparty before the default event occurs.

Loss given default (LGD) – It represents an estimate of the loss expected to be incurred when the event of default occurs.

While estimating the expected credit losses, we review macro-economic developments occurring in the economy and market we operate in. On a periodic basis, we analyse if there is any relationship between key economic trends like GDP, Benchmark rates set by the Reserve Bank of India etc. with the estimate of PD, LGD determined by us based on its internal data. While the internal estimates of PD, LGD rates by us may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when we determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. All such write-off is charged to the Profit and Loss Statement. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

Transition from Previous Indian GAAP to Ind AS

Pursuant to relevant regulations in India, we are required to report our financial results in accordance with new Indian accounting standards, Ind AS, from April 1, 2018 onwards. This Prospectus includes our restated financial statements for the years ended March 31, 2019, 2018 and 2017 that have been prepared in accordance with Ind AS.

Set forth below is a reconciliation of equity under Ind AS and Previous Indian GAAP for the time periods indicated:

Reconciliation of Equity under Ind AS and Previous Indian GAAP*	As of March 31, 2019 (standalone)
	(₹ in million)
Total equity as per Ind AS	18,863.74
Borrowings	
Measurement of financial liabilities at amortised cost using EIR method	(127.82)
Loan Portfolio	
Measurement of financial assets at amortised cost using EIR method	264.64
Interest income recognised on Stage III loan portfolio	(0.92)
Measurement of expected credit losses	(135.26)
Others	
Re-recognition of securitization arrangement (net)	(118.33)
Recognition of Deferred Tax Asset	(1,998.39)
Unamortised income on Direct Assignment	(91.93)
Fair value of Portfolio	(688.80)
Total equity as per Previous Indian GAAP*	**15,966.93**

Reconciliation of Equity under Ind AS and Previous Indian GAAP	As of March 31, 2018 (standalone)	As of March 31, 2017 (standalone)
	(₹ in million)	
Total equity as per Previous Indian GAAP	9,842.37	5,372.36
OCRPS included in other liabilities	(0.09)	(0.09)
Borrowings		
Measurement of financial liabilities at amortised cost using EIR method	115.00	235.45
Loan Portfolio		
Measurement of financial assets at amortised cost using EIR method	(216.61)	(78.47)
Interest income recognised on Stage III loan portfolio	64.95	48.80
Measurement of expected credit losses	180.40	(531.90)
Others		
Re-recognition of securitization arrangement (net)	79.74	-
Recognition of Deferred Tax Asset	3,840.84	4,214.97
Adjustment of prior period items to the relevant period	-	14.57
Total equity as per Ind AS	**13,906.60**	**9,275.69**

* *Total equity as per Previous Indian GAAP as of March 31 ,2019 is a non-GAAP measure. See "Risk Factors - In this Prospectus, we have included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies" on page 35.*

(1) *EIR adjustment on borrowings: Under Previous Indian GAAP, transaction costs incurred in connection with borrowings are recognised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.*

(2) *EIR adjustment on loan portfolio: Under Previous Indian GAAP, loan processing fees received in connection with loans portfolio is recognized upfront and credited to profit or loss for the period. Under Ind AS, loan processing fee is credited to profit and loss using the effective interest rate method. The unamortized portion of loan processing fee is adjusted from the loan portfolio.*

(3) *Impairment allowance under expected credit loss method: Under Ind AS, allowance is provided on the loans given to customers on the basis of percentage obtained by evaluating the loss of the previous years and management expectations for future losses. Under the Previous Indian GAAP the allowance is provided on the basis of percentage decided by the management. Under Ind AS, interest income is also recognized on Stage III loans, whereas under Previous Indian GAAP, interest is not recognized on Stage III loans.*

(4) *Re-recognition of securitisation arrangements: We have entered into securitization transactions. We have de-recognized the securitised assets under Previous Indian GAAP as the same meets the derecognition criteria as per Previous Indian GAAP. However, as per Ind AS, as we have not transferred*

substantially all the risks and rewards, the securitized asset has been recognised in the books and a corresponding liability is also recognized. The transferred asset and the corresponding liability are measured on a basis that reflects the rights and obligations that we have retained.

(5) *Recognition of deferred tax assets: We have recognized deferred tax asset in view of reasonable certainty of future taxable profits prescribed under Ind AS as against the condition of virtual certainty of future taxable profits supported by convincing evidence which was required to be fulfilled under Previous Indian GAAP.*

(6) *Other adjustments: These adjustments pertain to commission income less accrued in Fiscal 2017, which was recorded in Fiscal 2018 under Previous Indian GAAP. The same is posted in the period to which it related to under Ind AS.*

Set forth below is a reconciliation of our total profit which includes other comprehensive income for the period for the time periods indicated:

Reconciliation of Profit under Ind AS and Previous Indian GAAP	**For the year ended March 31, 2019 (standalone)**
	(₹ in million)
Total comprehensive income as per Ind AS.............................	3,533.59
Loan Portfolio	
Measurement of financial assets at amortised cost using EIR method	48.03
Impairment of financial instruments...	45.14
Interest income recognised / (reversal) on Stage III loan portfolio	64.03
Borrowings	
Measurement of financial liabilities at amortised cost using EIR method	(12.82)
Others	
Interest income on Direct Assignment......................................	(91.93)
Fair Value of Portfolio..	(688.80)
Re-recognition of securitization arrangement (net)..................	(38.59)
Recognition of Deferred tax charge..	1,842.45
Total Profit as per Previous Indian GAAP*	**4,701.10**

Reconciliation of Profit under Ind AS and Previous Indian GAAP	**For the year ended March 31, 2018 (standalone)**	**For the year ended March 31, 2017 (standalone)**
	(₹ in million)	
Profit as per Previous Indian GAAP...	1,718.52	529.49
Loan Portfolio		
Measurement of financial assets at amortised cost using EIR method	(138.14)	(0.16)
Impairment of financial instruments...	663.50	(605.17)
Interest income recognised / (reversal) on Stage III loan portfolio	64.95	43.41
Borrowings		
Measurement of financial liabilities at amortised cost using EIR method	(120.46)	235.46
Others		
Re-recognition of securitization arrangement (net)..................	79.76	-
Recognition of Deferred tax charge..	(374.13)	4,214.96
Adjustment of prior period items to the relevant period...........	(14.57)	14.57
Total comprehensive income as per Ind AS..........................	**1,879.43**	**4,432.56**

* *Total profit for the year ended March 31, 2019 under Previous Indian GAAP is a non-GAAP measure based on the erstwhile accounting framework. See "Risk Factors - In this Prospectus, we have included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies" on page 35.*

Principal Components of Income and Expenses

The following is a brief description of the principal line items that are included in our restated summary statement of profit and losses:

Income

Total income consists of revenue from operations and other income.

Revenue from operations

Revenue from operations comprises of:

- interest income, which consists of interest income on portfolio loans that we provide to our clients, interest income on fixed deposits, interest on inter-corporate advances and interest on margin money deposits. Interest on margin money deposits are interest on margin money deposits placed to avail term loans from banks, financial institutions, non- banking financial companies and as cash collateral in connection with securitization transactions;

- commission income, which we derive from our contracts with Abhiram Marketing, a company engaged in the business of sale of consumer goods such as mobile phones, sarees, solar lamps, sewing machines and bicycles. For the years ended March 31, 2017, 2018 and 2019, we derived commission income at the rate of 13% of total collection for Abhiram Marketing, respectively;

- net gain on fair value changes of investments and net gain on derecognition of financial instruments; and

- others, which consists of recovery against loans written off and incentive income. In the year ended March 31, 2018, we received additional commission from Abhiram Marketing as their sales exceeded expectations and refer to it as incentive income.

The following table sets forth our revenue from operations from each of these sources for the periods indicated:

Revenue from operations	**For the year ended March 31,**		
	2019 (consolidated)	**2018 (consolidated)**	**2017 (standalone)**
		(₹ in million)	
Interest income	9,978.74	5,730.41	3,705.98
Commission income	150.12	39.75	37.88
Net gain on fair value changes	266.76	42.15	16.38
Others	35.34	60.75	10.40
Total revenue from operations	**10,430.96**	**5,873.06**	**3,770.64**

Other income

Revenue from other income comprises of profit on sale of property, plant and equipment (net), advertisement income, interest on income tax refund and miscellaneous income.

Expenses

Our expenses comprise finance costs, employee benefits expense, impairment on financial instruments, other expenses, depreciation and amortization expenses.

Finance costs

Finance costs primarily comprise interest expense on debt securities, borrowings other than debt securities, subordinated liabilities and income tax and other finance costs (i.e., other bank charges).

Impairment on financial instruments

Impairment on financial instruments comprise impairment on portfolio loans and portfolio loans written off.

Employee benefits expense

Employee benefits expense comprise primarily the salaries, wages and bonuses of our employees, contributions to provident fund and other funds, expenses related to the employee stock option scheme and staff welfare expenses.

Depreciation and amortization expenses

Depreciation and amortization expense includes depreciation of property, plant and equipment and amortization of intangible assets.

Other expenses

Other expenses comprise of various other expenses incurred in our business operations, primarily travelling expenses of our employees, rent expense, legal and professional charges, office maintenance expense, and other provisions and write-offs.

Exceptional items

For the year ended March 31, 2017, we incurred exceptional items which related to provisions no longer required and written back and CDR settlement expenses (in relation to our borrowings that were restructured pursuant to CDR). We did not incur any exceptional items for the years ended March 31, 2018 and 2019.

Income tax expense

Our income tax expense primarily comprises current tax and deferred tax.

Our Results of Operations

The following table sets forth our restated consolidated statement of profit and loss for the years ended March 31, 2019 and 2018, the components of which are also expressed as a percentage of total income for such periods:

	For the year ended March 31,			
	2019 (consolidated)		2018 (consolidated)	
	(₹ in million)	*(% of Total income)*	*(₹ in million)*	*(% of Total income)*
Income:				
Revenue from operations	10,430.96	99.48%	5,873.06	99.96%
Other income	54.33	0.52%	2.25	0.04%
Total Income	**10,485.29**	**100.00%**	**5,875.31**	**100.00%**
Expenses:				
Finance costs	3,578.65	34.13%	2,317.91	39.45%
Impairment on financial instruments	453.00	4.32%	(354.09)	(6.03)%
Employee benefits expenses	1,310.46	12.50%	758.71	12.91%
Depreciation and amortization expenses	69.66	0.66%	57.24	0.97%
Other expenses	338.80	3.23%	268.53	4.57%
Total expenses	**5,750.57**	**54.84%**	**3,048.30**	**51.88%**
Profit before exceptional items and tax	**4,734.72**	45.16%	**2,827.01**	48.12%
Exceptional items	-	-	-	-
Profit before tax	**4,734.72**	45.16%	**2,827.01**	48.12%
Tax expenses:				
Current tax	12.88	0.12%	573.43	9.76%
Deferred tax	1,602.84	15.29%	374.12	6.37%
Income tax expenses	**1,615.72**	15.41%	**947.55**	**16.13%**
Profit for the period	**3,119.00**	**29.75%**	**1,879.46**	**31.99%**

The following table sets forth our restated standalone statement of profit and loss for the years ended March 31, 2018 and 2017, the components of which are also expressed as a percentage of total income for such periods:

	For the year ended March 31,			
	2018 (standalone)		2017 (standalone)	
	(₹ in million)	*(% of Total income)*	*(₹ in million)*	*(% of Total income)*
Income:				
Revenue from operations	5,872.74	99.96%	3,770.64	99.58%
Other income	2.25	0.04%	16.02	0.42%
Total Income	**5,874.99**	**100.00%**	**3,786.66**	**100.00%**
Expenses:				
Finance costs	2,317.91	39.45%	1,493.89	39.45%
Impairment on financial instruments	(354.09)	(6.03)%	983.90	25.98%
Employee benefits expenses	758.71	12.91%	580.54	15.33%
Depreciation and amortization expenses	57.24	0.97%	83.33	2.20%
Other expenses	268.01	4.56%	294.00	7.76%
Total expenses	**3,047.78**	**51.88%**	**3,435.66**	**90.73%**
Profit before exceptional items and tax	**2,827.21**	**48.12%**	**351.00**	**9.27%**
Exceptional items	-	-	104.86	2.77%
Profit before tax	**2,827.21**	**48.12%**	**455.86**	**12.04%**
Tax expenses:				
Current tax	573.37	9.76%	235.84	6.23%
Deferred tax	374.13	6.37%	(4,214.12)	(111.29) %
Income tax expenses	**947.50**	**16.13%**	**(3,978.28)**	**(105.06) %**
Profit for the period	**1,879.71**	**32.00%**	**4,434.14**	**117.10%**

Year Ended March 31, 2019 (Consolidated) Compared to Year Ended March 31, 2018 (Consolidated)

Income

Our total income increased by 78.46% to ₹10,485.29 million for the year ended March 31, 2019 from ₹5,875.31 million for the year ended March 31, 2018.

Revenue from Operations

Our revenue from operations increased by 77.61% to ₹10,430.96 million for the year ended March 31, 2019 from ₹5,873.06 million for the year ended March 31, 2018. This increase was primarily because of a 74.14% increase in interest income from ₹5,730.41 million for the year ended March 31, 2018 to ₹9,978.74 million for the year ended March 31, 2019, driven by the increase in our branches from 694 as of March 31, 2018 to 925 as of March 31, 2019 (for further details on our branch network, please see "Our Business – Our Branch Network" on page 136). We also increased the number of our loan officers from 2,746 as of March 31, 2018 to 4,674 as of March 31, 2019. As a result of our branch expansion efforts, we increased our client base from 1.59 million as of March 31, 2018 to 2.46 million as of March 31, 2019 and our Gross AUM increased by 40.12% (from ₹31,667.85 million as of March 31, 2018 to ₹44,372.78 million as of March 31, 2019). Further, our Disbursements increased by 28.82% (from ₹38,576.48 million as of March 31, 2018 to ₹49,692.83 million as of March 31, 2019). Despite the expansion in our branch and employee network, our Operating Expense to Annual Average Gross AUM ratio decreased from 4.85% for the year ended March 31, 2019 to 4.52% for the year ended March 31, 2018.

Commission income increased to ₹150.12 million for the year ended March 31, 2019 from ₹39.75 million for the year ended March 31, 2018 due to increase in sale of cross-sold products leading to higher commission income in the year ended March 31, 2019.

Net gain on fair value changes increased to ₹266.76 million for the year ended March 31, 2019 due to portfolio assigned from ₹42.15 million for the year ended March 31, 2018. Revenue from others decreased to ₹35.34 million for the year ended March 31, 2019 from ₹60.75 million for the year ended March 31, 2018.

Other income

Our other income increased to ₹54.33 million for the year ended March 31, 2019 from ₹2.25 million for the year ended March 31, 2018, primarily because of receipt of advertisement income for the year ended March 31, 2019 amounting to ₹51.15 million relating to promotion of financial products at our branches.

Expenses

Expenses for the year ended March 31, 2019 increased by 88.65% to ₹5,750.57 million for the year ended March 31, 2019 from ₹3,048.30 million for the year ended March 31, 2018, primarily because of increases in finance cost, employee benefit expenses and impairment on financial instruments.

Finance Costs

Our finance costs increased by 54.39% to ₹3,578.65 million for the year ended March 31, 2019 from ₹2,317.91 million for the year ended March 31, 2018. The increase was primarily due to the following reasons:

our interest expense on debt securities increased to ₹1,474.00 million for the year ended March 31, 2019 from ₹409.97 million for the year ended March 31, 2018 mainly due to an increase in debt securities issued by us from ₹10,147.13 million for the year ended March 31, 2018 to ₹13,719.64 million for the year ended March 31, 2019 and borrowings under securitisation agreement from banks and non-banking financial companies.

our interest expense on borrowings (other than debt securities) increased by 16.19% to ₹2,089.00 million for the year ended March 31, 2019 from ₹1,797.84 million for the year ended March 31, 2018 mainly due to increase in borrowings from financial institutions and non-banking financial companies.

Notwithstanding the increase in our finance cost for the year ended March 31, 2019, compared to the year ended March 31, 2018, our Average Effective Cost of Borrowing declined to 12.84% for the year ended March 31, 2019 from 14.74% for the year ended March 31, 2018. The decrease in our Average Effective Cost of Borrowing was mainly enabled by increasing our lender base from 22 banks as of March 31, 2018 to 27 as of March 31, 2019, credit rating improvement from BBB+ (Stable) as of March 31, 2018 to A- as of March 31, 2019 and improvement in our borrowing mix.

Employee Benefits Expenses

Employee benefits expenses increased by 72.72% to ₹1,310.46 million for the year ended March 31, 2019 from ₹758.71 million for the year ended March 31, 2018. This increase was primarily because salaries, wages and bonus expense increased by 66.49% to ₹1,223.97 million for the year ended March 31, 2019 from ₹735.18 million for the year ended March 31, 2018, due to a 64.45% increase in the number of our employees across functions (primarily loan officers and field supervisors, as we increased the number of our branches in the year ended March 31, 2019) from 4,045 as of March 31, 2018 to 6,656 as of March 31, 2019 and also as a result of annual increments for the year ended March 31, 2019. Further we approved an employee stock option scheme during the year ended March 31, 2019 as a result of which the expenses related to the scheme has increased to ₹41.25 million for the year ended March 31, 2019 from ₹0.00 million for the year ended March 31, 2018.

Impairment on financial instruments

Our impairment on financial instruments was ₹453.00 million for the year ended March 31, 2019 compared to ₹(354.09) million for the year ended March 31, 2018. In the year ended March 31, 2019, we wrote off portfolio loans amounting to ₹5,224.18 million (which included loans forming part of the old AP portfolio of ₹4,303.89 million), which was partially offset by an reversal of provision for impairment on portfolio loans amounting to ₹(4,769.68) million. In the year ended March 3, 2018, we recognised impairment on loan portfolio amount to ₹(354.09) million.

Exceptional Items

There were no exceptional items for the years ended March 31, 2019 and 2018.

Profit before tax

As a result of the foregoing, our profit before tax increased by 67.48% to ₹4,734.72 million for the year ended March 31, 2019 from ₹2,827.01 million for the year ended March 31, 2018.

Total income tax expenses

Our total income tax expenses increased by 70.52% to ₹1,615.72 million for the year ended March 31, 2019 from ₹947.55 million for the year ended March 31, 2018, primarily as a result of an increase in deferred taxes from ₹374.12 million for the year ended March 31, 2018 to ₹1,602.84 million for the year ended March 31, 2019 due to a reduction of deferred tax assets on impairment of financial instruments in the year ended March 31, 2019. The increase is offset by a decrease in current tax by 97.75% from ₹573.43 million for the year ended March 31, 2018 to ₹12.88 million for the year ended March 31, 2019.

Profit for the period

As a result of the foregoing, our profit for the period increased by 65.95% to ₹3,119.00 million for the year ended March 31, 2019 from ₹1,879.46 million for the year ended March 31, 2018.

Year Ended March 31, 2018 (Standalone) Compared to Year Ended March 31, 2017 (Standalone)

Income

Our total income increased by 55.15% to ₹5,874.99 million for the year ended March 31, 2018 from ₹3,786.66 million for the year ended March 31, 2017 primarily because of an increase in revenue from operations.

Revenue from Operations

Our revenue from operations increased by 55.75% to ₹5,872.74 million for the year ended March 31, 2018 from ₹3,770.64 million for the year ended March 31, 2017 primarily due to an increase in interest income by 54.62% from ₹3,705.98 million for the year ended March 31, 2017 to ₹5,730.09 million for the year ended March 31, 2018.

Post our exit from CDR in March 2017, as we received greater funding from our lenders and equity infusion from our Corporate Promoter Kangchenjunga and Kedaara AIF– 1, we focused on growing our operations. We were able to effectively utilize our existing branch network and employees (that were earlier underutilized due to lack of capital) and also expand our branch network and employee base. We increased our branches from 526 as of March 31, 2017 to 694 as of March 31, 2018 (for further details on our branch network, please see "*Our Business – Our Branch Network*" on page 136). We also increased the number of our loan officers from 1,984 as of March 31, 2017 to 2,746 as of March 31, 2018. Further, we also encouraged our employees to increase productivity during the period, which led to an increase in our disbursement per employee from ₹7.07 million as of March 31, 2017 to ₹11.06 million as of March 31, 2018. Our disbursement per branch grew from ₹39.15 million as of March 31, 2017 to ₹55.59 million as of March 31, 2018 and our Loan Portfolio per branch from ₹24.74 million as of March 31, 2017 to ₹45.63 million as of March 31, 2018. As a result of our efforts, we increased our client base from 1.06 million as of March 31, 2017 to 1.59 million as of March 31, 2018, our Gross AUM increased by 143.31% from ₹13,015.36 million as of March 31, 2017 to ₹31,667.85 million as of March 31, 2018) and our Disbursements increased by 87.34% (from ₹20,591.65 million as of March 31, 2017 to ₹38,576.48 million as of March 31, 2018). As a result of our focus on improving employee productivity, despite our increase in branches and employees, our Operating Expense to Annual Average Gross AUM ratio significantly decreased from 7.61% to 4.85%, which we believe reflects the cost efficiency of our business operations.

Net gain on fair value changes increased to ₹42.15 million for the year ended March 31, 2018 from ₹16.38 million for the year ended March 31, 2017. Other revenue from operations increased to ₹60.75 million for the year ended March 31, 2018 from ₹10.40 million for the year ended March 31, 2017.

Other income

Our other income decreased by 85.92% to ₹2.25 million for the year ended March 31, 2018 from ₹16.02 million for the year ended March 31, 2017 primarily because we got interest on income tax refund for the year ended March 2017.

Expenses

Expenses for the year ended March 31, 2018 decreased by 11.29% to ₹3,047.78 million for the year ended March 31, 2018 from ₹3,435.66 million for the year ended March 31, 2017, primarily because of movements in impairment on financial instruments, which was partially offset by an increase in finance costs.

Finance Costs

Our finance costs increased by 55.16% to ₹2,317.91 million for the year ended March 31, 2018 from ₹1,493.89 million for the year ended March 31, 2017, primarily due to the following reasons:

- our interest expense on debt securities increased to ₹409.97 million for the year ended March 31, 2018 from ₹0.00 million for the year ended March 31, 2017 as we issued NCDs during the year ended March 31, 2018;

- our interest expense on borrowings (other than debt securities) increased by 21.94% to ₹1,797.84 million for the year ended March 31, 2018 from ₹1,474.34 million for the year ended March 31, 2017 mainly due to increase in borrowings from financial institutions and non-banking financial companies;

- our interest expense on subordinated liabilities increased to ₹24.32 million for the year ended March 31, 2018 from ₹0.00 million for the year ended March 31, 2017 mainly due to availment of subordinated debt during the year ended March 31, 2018;

- our interest expense on income tax increased to ₹31.17 million for the year ended March 31, 2018 from ₹0.00 million for the year ended March 31, 2017; and

- our other finance cost increased by 179.34% to ₹54.61 million for the year ended March 31, 2018 from ₹19.55 million for the year ended March 31, 2017 primarily as a result of pre closure charges incurred on pre closure of high cost borrowings and initial expenses incurred for obtaining credit rating.

Notwithstanding the increase in our finance cost for the year ended March 31, 2018, compared to the year ended March 31, 2017, our Average Effective Cost of Borrowing reduced to 14.74% for the year ended March 31, 2018 from 16.31% for the year ended March 31, 2017. The decrease in our Average Effective Cost of Borrowing was mainly enabled by increasing our lender base from three banks as of March 31, 2017 to 22 as of March 31, 2018, credit rating improvement from unrated as of March 31, 2017 to BBB + (Stable) as of March 31, 2018 and improvement in our borrowing mix.

Impairment on financial instruments

Our impairment on financial instruments was ₹(354.09) million for the year ended March 31, 2018 compared to ₹983.90 million for the year ended March 31, 2017 on account of the following reasons:

- our impairment on portfolio loans was ₹961.10 million for the year ended March 31, 2017 and was ₹(354.09) million for the year ended March 31, 2018 primarily as a result of reversal of provision on portfolio from by adoption of Expected Credit Losses method under Ind AS;

- our portfolio loans written off decreased to ₹0.00 million for the year ended March 31, 2018 from ₹22.80 million for the year ended March 31, 2017 as there was no write-off for the year ended March 31, 2018.

Employee Benefits Expenses

Employee benefits expenses increased by 30.69% to ₹758.71 million for the year ended March 31, 2018 from ₹580.54 million for the year ended March 31, 2017, primarily because salaries, wages and bonus expense increased by 30.95% to ₹735.18 million for the year ended March 31, 2018 from ₹561.43 million for the year ended March 31, 2017, due to a 32.88% increase in the number of our employees across functions (primarily loan officers and field supervisors, as we increased the number of our branches in the year ended March 31, 2018) from 3,044 as of March 31, 2017 to 4,045 as of March 31, 2018 and also as a result of annual increments for the year ended March 31, 2018.

Depreciation and Amortization Expenses

Our depreciation and amortization expenses decreased by 31.31% to ₹57.24 million for the year ended March 31, 2018 from ₹83.33 million for the year ended March 31, 2017, mainly due to a ₹20.61 million depreciation of leasehold improvements. The leasehold improvement was capitalized between November 2015 and March 2016 for our newly-built head office. Since we adopt the written down value method of depreciation, the value of depreciation in initial years is relatively higher than later years.

Other Expenses

Our other expenses decreased by 8.84% to ₹268.01 million for the year ended March 31, 2018 from ₹294.00 million for the year ended March 31, 2017.

This decrease was primarily because rent expenses decreased by 25.44% to ₹47.23 million for the year ended March 31, 2018 from ₹63.34 million for the year ended March 31, 2017, as the rentals across our branches decreased, since Abhiram Marketing entered into lease agreements with our landlords for their proportionate usage of our branches, thereby reducing our rentals. Further, legal and professional charges decreased by 44.03% to ₹36.54 million from ₹65.29 million in the same period, primarily since legal and professional charges incurred for the work done in respect of the CDR exit and equity raising in the year ended March 31, 2017 leading to higher legal and professional charges in the year ended March 31, 2017.

Exceptional Items

There were no exceptional items for the year ended March 31, 2018, as compared with exceptional income of ₹104.86 million for the year ended March 31, 2017. This exceptional income was due to reversal of provisions no longer required and written back amounting to ₹447.86 million for the year ended March 31, 2017 which was offset by the CDR settlement expenses amounting to ₹343.00 million for the same period. The provisions no longer required and written back and CDR settlement expenses for the year ended March 31, 2017 were pursuant to the CDR settlement agreement which provided for full and final settlement of our dues payable to lenders.

Profit before tax

As a result of the foregoing, our profit before tax increased to ₹2,827.21 million for the year ended March 31, 2018 from ₹455.86 million for the year ended March 31, 2017.

Total income tax expenses

Our total income tax expenses was ₹947.50 million for the year ended March 31, 2018 compared to a tax credit of ₹(3,978.28) million for the year ended March 31, 2017, as a result of our deferred tax credit amounting to ₹(4,214.12) million in the year ended March 31, 2017 due to unabsorbed carry forwarded losses. The taxes for both these fiscal years were paid under minimum alternate tax (MAT) provisions.

Profit for the period

As a result of the foregoing, our profit for the period decreased by 57.61% to ₹1,879.71 million for the year ended March 31, 2018 from ₹4,434.14 million for the year ended March 31, 2017.

Financial Position

Our consolidated restated net worth (controlling interest) was ₹18,894.36 million as of March 31, 2019, an increase of 35.87% from ₹13,906.36 million as of March 31, 2018. The increase in our consolidated restated net worth is on account of increase in profit from operations and capital infusion (including securities premium) and proceeds from the issue of equity shares, balance subscription of optionally convertible preference shares and proceeds from issue of share warrants of ₹1,382.34 million for the year ended March 31, 2019 on a consolidated basis.

Our standalone restated net worth was ₹13,906.60 million as of March 31, 2018, an increase of 49.93% from ₹9,275.69 million as of March 31, 2017. The increase in our standalone restated net worth is on account of profit generated over the respective years and capital infusion (including securities premium) of ₹2,750.00 million for the year ended March 31, 2018 on a standalone basis.

Assets

The following table sets forth the principal components of our total assets on a consolidated basis as of March 31, 2019 and 2018:

Assets	As of March 31,	
	2019 (consolidated)	2018 (consolidated)
	(₹ in million)	
Financial assets:		
Cash and cash equivalents	1,486.12	1,045.36
Bank balances other than cash and cash equivalents	2,031.86	1,032.47
Trade receivables	35.49	25.03
Loan portfolio	42,677.59	30,896.26

Assets	As of March 31,	
	2019 (consolidated)	2018 (consolidated)
	(₹ in million)	
Investments	1.00	1.00
Other financial assets	604.47	659.60
Total Financial Assets	**46,836.53**	**33,659.72**
Non-financial assets:		
Current tax assets (net)	83.37	41.86
Deferred tax assets (net)	1,999.79	3,840.84
Property, plant and equipment	71.74	58.54
Intangible assets	22.21	26.03
Goodwill	173.74	-
Other non-financial assets	129.69	15.48
Total Non-Financial Assets	**2,480.54**	**3,982.75**
Total Assets	**49,317.07**	**37,642.47**

As of March 31, 2019, we had total assets on a consolidated basis of ₹49,317.07 million compared to ₹37,642.47 million as of March 31, 2018.

The following table sets forth the principal components of our total assets on a standalone basis as of March 31, 2018 and 2017:

Assets	As of March 31,	
	2018 (standalone)	2017 (standalone)
	(₹ in Millions)	
Financial assets:		
Cash and cash equivalents	1,025.07	2,901.17
Bank balances other than cash and cash equivalents	1,032.47	23.08
Trade receivables	25.54	14.64
Loan portfolio	30,896.26	11,945.49
Investments	21.00	1.00
Other financial assets	659.59	17.43
Total Financial Assets	**33,659.93**	**14,902.81**
Non-financial assets:		
Current tax assets (net)	41.86	46.63
Deferred tax assets (net)	3,840.84	4,214.96
Property, plant and equipment	58.54	66.23
Intangible assets	26.03	23.85
Other non-financial assets	15.47	31.74
Total Non-Financial Assets	**3,982.74**	**4,383.41**
Total Assets	**37,642.67**	**19,286.22**

As of March 31, 2018, we had total assets on a standalone basis of ₹37,642.47 million compared to ₹19,286.22 million as of March 31, 2017.

Financial Assets

Cash and Cash Equivalents

Cash and cash equivalents represent cash in hand and balances with banks on current accounts and deposits with an original maturity of less than three months.

We had consolidated cash and cash equivalents of ₹1,486.12 million as of March 31, 2019, compared to ₹1,045.36 million as of March 31, 2018. Consolidated cash and cash equivalents as of March 31, 2019 was higher compared to March 31, 2018 primarily due to an increase of consolidated balances with banks on current accounts from ₹871.29 million to ₹1,407.24 million as a result of receipt of fresh borrowings during the month of March 2019.

We had standalone cash and cash equivalents of ₹1,025.07 million as of March 31, 2018, compared to ₹2,901.17 million as of March 31, 2017. Standalone cash and cash equivalents as of March 31, 2017 was higher than as of March 31, 2018 mainly due to unutilized proceeds of capital infusion and fresh borrowings received on March 30, 2017 and March 31, 2017, which resulted in high amounts of standalone balances with banks on current accounts amounting to ₹2,894.54 million in the year ended March 31, 2017.

Bank Balances (Other than Cash Equivalents)

Bank balances (other than cash equivalents) represent deposits with remaining maturity of less than 12 months, deposits with remaining maturity of more than 12 months and margin money deposit.

We had consolidated bank balances of ₹2,031.86 million as of March 31, 2019, compared to ₹1,032.47 million as of March 31, 2018. Consolidated bank balances increased as of March 31, 2019 compared to March 31, 2018 primarily due to an increase in consolidated margin money deposits from ₹1,010.67 million as of March 31, 2018 to ₹1,946.64 million as of March 31, 2019. The increase was due to increase in fresh borrowings and securitizations where we were required to provide fixed deposits.

We had standalone bank balances of ₹1,032.47 million as of March 31, 2018, compared to ₹23.08 million as of March 31, 2017. Standalone bank balances increased as of March 31, 2018 compared to March 31, 2017 primarily due to an increase in standalone margin money deposits from ₹23.08 million as of March 31, 2017 to ₹1,010.67 million as of March 31, 2018 primarily due to the increase in fresh borrowings and securitizations received where we were required to provide fixed deposits.

Trade Receivables

We had consolidated trade receivables of ₹35.49 million as of March 31, 2019, compared to ₹25.03 million as of March 31, 2018. The increase in consolidated trade receivables between March 31, 2019 and March 31, 2018 is primarily due to an increase in commission earned.

We had standalone trade receivables of ₹25.54 million as of March 31, 2018, compared to ₹14.64 million as of March 31, 2017. The increase in standalone trade receivables between March 31, 2018 and March 31, 2017 is mainly due to an increase in incentive income.

Loan Portfolio

Our consolidated loan portfolio was ₹42,677.59 million as of March 31, 2019, compared to ₹30,896.26 million as of March 31, 2018. The increase in our consolidated loan portfolio between March 31, 2019 and March 31, 2018 is primarily on account of a 33.75% growth in loan disbursement enabled by increase in our branches from 694 as of March 31, 2018 to 925 as of March 31, 2019. We also increased the number of our loan officers from 2,746 as of March 31, 2018 to 4,674 as of March 31, 2019 which led to an increase in Gross AUM per branch from ₹45.63 million as of March 31, 2018 to ₹47.97 million as of March 31, 2019.

Our standalone loan portfolio was ₹30,896.26 million as of March 31, 2018 compared to ₹11,945.49 million as of March 31, 2017. The increase in our standalone loan portfolio between March 31, 2018 and March 31, 2017 is on account of a 87.34% growth in loan disbursement enabled by increase in our branches from 526 as of March 31, 2017 to 694 as of March 31, 2018. We also increased the number of our loan officers from 1,984 as of March 31, 2017 to 2,746 as of March 31, 2018. Further, we also encouraged our employees to increase productivity during the period, which led to an increase in our disbursement per employee (excluding trainee CAs) from ₹7.07 million as of March 31, 2017 to ₹11.06 million as of March 31, 2018, disbursement per branch from ₹39.15 million as of March 31, 2017 to ₹55.59 million as of March 31, 2018 and Gross AUM per branch from ₹24.74 million as of March 31, 2017 to ₹45.63 million as of March 31, 2018.

Investments

We had consolidated investments of ₹1.00 million as at each of March 31, 2019 and 2018.

We had standalone investments of ₹21.00 million as of March 31, 2018 compared to ₹1.00 million as of March 31, 2017 due to an investment of ₹20.00 million in subsidiary (at cost) in our Subsidiary, Caspian Financial.

Other Financial Assets

As of March 31, 2019, we had other financial assets on a consolidated basis of ₹604.47 million compared to ₹659.60 million as of March 31, 2018. The decrease in other financial assets on a consolidated basis as of March 31, 2019 as compared with March 31, 2018 is primarily due to a decrease in consolidated inter-corporate advances from ₹543.14 million as at March 31, 2018 to ₹395.00 million as at March 31, 2019 due to elimination of inter corporate advances between our Company and our subsidiary, partially offset by retained interest on asset assigned of ₹91.93 million as at March 31, 2019.

As of March 31, 2018, we had other financial assets on a standalone basis of ₹659.59 million compared to ₹17.43 million as of March 31, 2017. The increase as of March 31, 2018 as compared with March 31, 2017 is primarily due to an increase in standalone inter-corporate advances of ₹543.14 Million as at March 31, 2018 from ₹0.00 million as at March 31, 2017 and term deposits placed with non-banking financial companies amounting to ₹90.62 million as March 31, 2018.

Non-Financial Assets

Current Tax Assets (Net)

Other current tax assets are advance income taxes (net of provision).

We had current tax assets (net) on a consolidated basis of ₹83.37 million as of March 31, 2019, compared to ₹41.86 million as of March 31, 2018. The increase in current tax assets (net) on a consolidated basis as of March 31, 2019 as compared with March 31, 2018 is primarily due to increase in TDS receivables.

We had current tax assets (net) on a standalone basis of ₹41.86 million as of March 31, 2018, compared to ₹46.63 million as of March 31, 2017. The decrease as of March 31, 2018 as compared with March 31, 2017 is primarily due to marginal decrease in TDS receivables.

Deferred Tax Assets (Net)

Deferred tax assets (net) are the effects of deferred tax assets (such as impairment of financial instruments, unabsorbed carry forward loss and MAT credit entitlement) and deferred tax liabilities.

We had consolidated deferred tax assets (net) of ₹1,999.79 million as of March 31, 2019, compared to ₹3,840.84 million as of March 31, 2018. The decrease in consolidated deferred tax assets (net) as of March 31, 2019 as compared with March 31, 2018 is primarily due to a decrease in consolidated impairment of financial instruments from ₹2,984.50 million as of March 31, 2018 to ₹1,401.69 million as of March 31, 2019 primarily due to portfolio written off, which was partially offset by an increase in other deferred tax liabilities on a consolidated basis from ₹78.10 million as at March 31, 2018 to ₹313.95 million as at March 31, 2019, in relation to the fair value of the loan portfolio.

We had standalone deferred tax assets (net) of ₹3,840.84 million as of March 31, 2018, compared to ₹4,214.96 million as of March 31, 2017. The decrease in standalone deferred tax assets (net) as of March 31, 2018 as compared with March 31, 2017 is primarily due to (i) a decrease of unabsorbed carry forward loss on a standalone basis from ₹859.40 million as of March 31, 2017 to ₹0.00 million as of March 31, 2018 as a result of deferred tax recognition on carried forward losses, and (ii) an increase in other deferred tax liabilities from ₹53.84 million as of March 31, 2017 to ₹78.10 million as of March 31, 2018 due to adoption of Ind AS from Previous Indian GAAP. The increase was partially offset by (i) an increase in standalone MAT credit entitlement from ₹218.27 million as of March 31, 2017 to ₹763.71 million as of March 31, 2018.

Property, Plant and Equipment

As of March 31, 2019, we had consolidated property, plant and equipment of ₹71.74 million compared to ₹58.54 million as of March 31, 2018. The increase in consolidated property, plant and equipment as of March 31, 2018 to March 31, 2019 was primarily due to purchase of computers, furniture and fixtures and office equipment which was off-set by increase in depreciation.

As of March 31, 2018, we had standalone property, plant and equipment of ₹58.54 million as of March 31, 2018 compared to ₹66.23 million as of March 31, 2017. The decrease in property, plant and equipment is primarily due to depreciation which was offset by purchase of computers, furniture and fixtures and office equipment.

Intangible Assets

As of March 31, 2019, we had consolidated intangible assets of ₹22.21 million compared to ₹26.03 million as of March 31, 2018. The decrease in consolidated intangible assets as of March 31, 2018 to March 31, 2019 has primarily been due to amortization of computer software which was partially offset by additions to and purchase of computer software.

As of March 31, 2018, we had standalone intangible assets of ₹26.03 million as of March 31, 2018 compared to ₹23.85 million as of March 31, 2017. The increase in standalone intangible assets as of March 31, 2017 to March 31, 2018 has primarily been due to the additions to and purchase of computer software, which was partially offset by an increase in the amortization of computer software as of the periods indicated.

Goodwill

As of March 31, 2019, we had consolidated goodwill of ₹173.74 million in relation to the business combination due to the acquisition of 97.54% of voting share in our subsidiary Criss Financial Holdings Limited compared to ₹0.00 million as of March 31, 2018.

We did not have goodwill on a standalone basis for the years ended March 31, 2018 and 2017.

Other Non-Financial Assets

As of March 31, 2019, we had other non-financial assets on a consolidated basis of ₹129.69 million compared to ₹15.48 million as of March 31, 2018. The increase in other non-financial assets on a consolidated basis as of March 31, 2019 compared to

March 31, 2018 is primarily due to an increase in consolidated other advances from ₹2.13 million as of March 31, 2018 to ₹103.26 million as of March 31, 2019 relating to advances in relation to the initial public offering and an increase in advance against sums assured on a consolidated basis from ₹9.61 million as of March 31, 2018 to ₹24.03 million as of March 31, 2019 relating to an increase in claims outstanding.

As of March 31, 2018, we had other non-financial assets on a standalone basis of ₹15.47 million as of March 31, 2018 compared to ₹31.74 million as of March 31, 2017. The decrease in other non-financial assets on a standalone basis as of March 31, 2018 as compared with March 31, 2017 is primarily due to a decrease in standalone other advances (unsecured, considered good) relating to theft and frauds against us from ₹25.86 million as of March 31, 2017 to ₹2.12 million as of March 31, 2018, a decrease in other advances (unsecured, considered doubtful) on a standalone basis from ₹15.05 million as of March 31, 2017 to ₹0.00 million as of March 31, 2018, which was partially offset by a decrease in standalone provision for doubtful debts from ₹33.89 million as of March 31, 2017 to ₹17.85 million as of March 31, 2018.

Liabilities and Provisions

The following table sets forth the principal components of our consolidated liabilities as of the periods indicated:

Liabilities	**As of March 31,**	
	2019 (consolidated)	**2018 (consolidated)**
	(₹ in millions)	
Financial Liabilities:		
Debt securities	13,719.64	10,147.13
Borrowings (other than debt securities)	15,754.79	12,965.08
Subordinated liabilities	202.94	201.55
Other financial liabilities	444.85	145.14
Total Financial Liabilities	**30,122.22**	**23,458.90**
Non-Financial Liabilities:		
Current tax liabilities (net)	62.83	92.98
Provisions	3.59	3.90
Other non-financial liabilities	224.85	180.33
Total Non-Financial Liabilities	**291.27**	**277.21**

The following table sets forth the principal components of our standalone liabilities as of the periods indicated:

Liabilities	**As of March 31,**	
	2018 (standalone)	**2017 (standalone)**
	(₹ in millions)	
Financial Liabilities:		
Debt securities	10,147.13	-
Borrowings (other than debt securities)	12,965.08	9,324.57
Subordinated liabilities	201.55	10.09
Other financial liabilities	145.14	259.52
Total Financial Liabilities	**23,458.90**	**9,594.18**
Non-Financial Liabilities:		
Current tax liabilities (net)	92.96	235.84
Provisions	3.90	5.98
Other non-financial liabilities	180.31	174.53
Total Non-Financial Liabilities	**277.17**	**416.35**

Financial Liabilities

Debt Securities

We had consolidated debt securities of ₹13,719.64 million as of March 31, 2019 compared to ₹10,147.13 million as of March 31, 2018. Our consolidated debt securities increased as of March 31, 2019 from March 31, 2018 primarily due to issuance of redeemable non-convertible debentures and availment of borrowing under securitisation agreement from banks.

We had standalone debt securities of ₹10,147.13 million as of March 31, 2018 compared to ₹0.00 million as of March 31, 2017. Our debt securities increased as of March 31, 2018 from March 31, 2017 primarily due to issuance of redeemable non-convertible debentures and availment of borrowing under securitisation agreement from banks and non-banking financial companies.

Borrowings (Other than Debt Securities)

We had consolidated borrowings (other than debt securities) of ₹15,754.79 million as of March 31, 2019 compared to ₹12,965.08 million as of March 31, 2018. Our consolidated borrowings (other than debt securities) increased as of March 31, 2019 from March 31, 2018 primarily due to availment of loan from banks and non-banking financial companies during the year.

We had standalone borrowings (other than debt securities) of ₹12,965.08 million as of March 31, 2018 compared to ₹9,324.57 million as of March 31, 2017. Our standalone borrowings (other than debt securities) increased as of March 31, 2018 from March 31, 2017 primarily due to availment of loan from non-banking financial company during the year.

Subordinated Liabilities

Our consolidated subordinated liabilities remained relatively steady at ₹202.94 million as of March 31, 2019 and ₹201.55 million as of March 31, 2018.

We had standalone subordinated liabilities of ₹201.55 million as of March 31, 2018 compared to ₹10.09 million as of March 31, 2017. Our standalone subordinated liabilities increased as of March 31, 2018 from March 31, 2017 primarily due to availment of loan from another non-banking financial company during the year.

Other Financial Liabilities

We had consolidated other financial liabilities of ₹444.85 million as of March 31, 2019 compared to ₹145.14 million as of March 31, 2018. Our consolidated other financial liabilities increased as of March 31, 2019 from March 31, 2018 primarily due to an increase in consolidated expenses payable to ₹31.89 million as of March 31, 2019 from ₹15.80 million as of March 31, 2018 and increase in consolidated employee benefits payable to ₹242.68 million as of March 31, 2019 from ₹123.04 million as of March 31, 2018.

We had standalone other financial liabilities of ₹145.14 million as of March 31, 2018 compared to ₹259.52 million as of March 31, 2017. Our standalone other financial liabilities decreased as of March 31, 2018 from March 31, 2017 primarily due to a decrease in standalone expenses payable to ₹15.80 million as of March 31, 2018 from ₹163.04 million as of March 31, 2017 which was partially offset by increase in standalone employee benefits payable to ₹123.04 million as of March 31, 2018 from ₹87.43 million as of March 31, 2017.

Non-Financial Liabilities

Current Tax Liabilities (net)

We had consolidated current tax liabilities (net) of ₹62.83 million as of March 31, 2019 compared to ₹92.98 million as of March 31, 2018. Our consolidated current tax liabilities (net) decreased as of March 31, 2019 from March 31, 2018 primarily due to write offs of our loan portfolio.

We had standalone current tax liabilities (net) of ₹92.96 million as of March 31, 2018 compared to ₹235.84 million as of March 31, 2017. Our standalone current tax liabilities (net) decreased as of March 31, 2018 from March 31, 2017 primarily due to a set-off of brought forward losses.

Provisions

We had consolidated provisions of ₹3.59 million as of March 31, 2019 compared to ₹3.90 million as of March 31, 2018. Our consolidated provisions decreased as of March 31, 2019 from March 31, 2018 primarily due to decrease in provision from gratuity on account of contribution to the plan assets by us.

We had standalone provisions of ₹3.90 million as of March 31, 2018 compared to ₹5.98 million as of March 31, 2017. Our standalone provisions decreased as of March 31, 2018 from March 31, 2017 primarily due to decrease in provision from gratuity on account of contribution to the plan assets by us.

Other Non-Financial Liabilities

We had consolidated other non-financial liabilities of ₹224.85 million as of March 31, 2019 compared to ₹180.33 million as of March 31, 2018. Our consolidated other non-financial liabilities increased as of March 31, 2019 from March 31, 2018 primarily due to an increase in statutory dues payable and unfructified service tax liability.

We had standalone other non-financial liabilities of ₹180.31 million as of March 31, 2018 compared to ₹174.53 million as of March 31, 2017. Our standalone other non-financial liabilities increased as of March 31, 2018 from March 31, 2017 primarily due to an increase in statutory dues payable and unfructified service tax liability.

Equity

As of March 31, 2019, our consolidated total equity increased to ₹18,903.55 million compared to ₹13,906.36 million as of March 31, 2018 due to increase in profit from operations, issue of fresh equity shares during the year, proceeds from the balance subscription of optionally convertible preference shares and conversion of preference shares and share warrants to equity.

As of March 31, 2018, our standalone total equity increased to ₹13,906.60 million compared to ₹9,275.69 million as of March 31, 2017 primarily due to the issuance of compulsory convertible preference shares.

Liquidity and Capital Resources

The purpose of our liquidity management function is to ensure that we have sufficient funds available to extend loans to our clients, to repay principal and interest on our borrowings and to fund our working capital requirements. We have access to diverse sources of liquidity such as term loans and working capital facilities, proceeds from loans assigned and securitized, proceeds from the issuance of NCDs, and borrowings from NBFCs and FIs. We typically invest our surplus cash in fixed deposits with banks and financial institutions and units of liquid mutual funds.

We actively manage our liquidity and capital position by raising funds periodically. We regularly monitor our funding levels to ensure that we are able to satisfy the requirements for loan disbursements and maturity of our liabilities. All our loan agreements and debentures contain a number of covenants including financial covenants. For details, see "*Financial Indebtedness*" 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.*" on pages 402 and 21, respectively.

Cash Flows

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

	For the year ended March 31,	
	2019 (consolidated)	**2018 (consolidated)**
	(₹ in million)	
Net cash generated/ (used) in operating activities	(5,733.43)	(18,550.93)
Net cash generated/ (used) in investing activities	(327.80)	(35.47)
Net cash generated/ (used) in financing activities	6,501.99	16,730.59
Net increase/ (decrease) in cash and cash equivalents	440.76	(1,855.81)

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

	For the year ended March 31,	
	2018 (standalone)	**2017 (standalone)**
	(₹ in million)	
Net cash generated / (used) in operating activities	(18,551.21)	(588.83)
Net cash generated / (used) in investing activities	(55.48)	(12.14)
Net cash generated / (used) from financing activities	16,730.59	3,148.88

	For the year ended March 31,	
	2018 (standalone)	2017 (standalone)
	(₹ in million)	
Net increase / (decrease) in cash and cash equivalents	(1,876.10)	2,547.91

Operating Activities

Consolidated net cash used in operating activities was ₹5,733.43 million for the year ended March 31, 2019. While our profit before tax was ₹4,734.72 million for the year ended March 31, 2019, we had an operating profit before working capital changes of ₹5,219.04 million, primarily as a result of an impairment on financial instruments of ₹453.00 million, depreciation and amortization of ₹69.66 million and share based payment to employees of ₹41.25 million, which was partially offset by net gain on fair value changes of ₹110.63 million. Our changes in working capital for the year ended March 31, 2019 primarily consisted of an increase in loan portfolio of ₹10,070.52 million as we expanded our business operations, an increase in bank balances other than cash and cash equivalents of ₹977.74 million, an increase in other non-financial assets of ₹109.85 million, which was offset by an increase in financial liabilities of ₹285.30 million. We paid income tax of ₹135.88 million for the year ended March 31, 2019.

Consolidated net cash used in operating activities was ₹18,550.93 million for the year ended March 31, 2018. While our profit before tax was ₹2,827.01 million for the year ended March 31, 2018, we had an operating profit before working capital changes of ₹2,561.43 million, primarily as a result of an impairment on financial instruments of ₹354.09 million, which was partially offset by depreciation and amortization of ₹57.24 million. Our changes in working capital for the year ended March 31, 2018 primarily consisted of an increase in loan portfolio of ₹18,596.70 million as we expanded our business operations, an increase in bank balances other than cash and cash equivalents of ₹1,009.39 million and an increase in other financial assets of ₹661.24 million and a decrease in other financial liabilities of ₹114.38 million. We paid income tax of ₹735.74 million for the year ended March 31, 2018.

Standalone net cash used in operating activities was ₹18,551.21 million for the year ended March 31, 2018. While our profit before tax was ₹2,827.21 million for the year ended March 31, 2018, we had an operating profit before working capital changes of ₹2,561.63 million, primarily as a result of an impairment on financial instruments of ₹354.09 million, which was partially offset by depreciation and amortization of ₹57.24 million. Our Movements in working capital for the year ended March 31, 2018 primarily consisted of an increase in our loan portfolio of ₹18,596.68 million as we expanded our business operations, an increase in bank balances other than cash and cash equivalents of ₹1,009.37 million and an increase in other financial assets of ₹661.22 million and a decrease in other financial liabilities of ₹114.38 million. We paid income tax of ₹735.88 million for the year ended March 31, 2018.

Standalone net cash used in operating activities was ₹588.83 million for the year ended March 31, 2017. While our profit before tax was ₹455.86 million for the year ended March 31, 2017, we had an operating profit before working capital changes of ₹1,524.44 million, primarily as a result of impairment on financial instruments of ₹983.90 million and depreciation and amortization expenses of ₹83.33 million. Our Movements in working capital for the year ended March 31, 2017 primarily consisted of a decrease in other financial liabilities of ₹1,420.99 million, an increase in our loan portfolio of ₹789.96 million, a decrease in provisions of ₹5.18 million and a decrease in other financial assets of ₹11.16 million. We received income tax refund of ₹105.02 million for the year ended March 31, 2017.

Investing Activities

Consolidated net cash used in investing activities was ₹327.80 million for the year ended March 31, 2019, consisting of purchase of investments of ₹67,585.20 million, investment in subsidiary (net of cash acquired) of ₹360.95 million and purchase of property, plant and equipment of ₹69.56 million, which were partially offset by proceeds from sale of investments of ₹67,595.83 million. This is due to surplus funds that await loan disbursements loan disbursements to clients being invested in liquid mutual funds that are liquidated as and when required. Proceeds from sale of investments comprised the sale of investments in units of liquid mutual funds and dividends from mutual funds.

Consolidated net cash used in investing activities was ₹35.47 million for the year ended March 31, 2018, primarily consisting of purchase of investments of ₹34,856.79 million and purchase of property, plant and equipment of ₹34.87 million, which was partially offset by proceeds from sale of investments of ₹34,872.64 million. This is due to surplus funds that await loan disbursements to clients being invested in liquid mutual funds that are liquidated within the same year. Sale of investments consist of the sale of investments in units of liquid mutual funds and dividends from mutual funds.

Standalone net cash used in investing activities was ₹55.48 million for the year ended March 31, 2018, primarily consisting of purchase of investments of ₹34,856.79 million, purchase of property, plant and equipment of ₹34.88 million, purchase of intangible assets of ₹16.93 million and Investment in subsidiary of ₹20.00 million, which was partially offset by sale of investments of ₹34,872.64 million. This is due to surplus funds that await loan disbursements to clients being invested in liquid mutual funds that are liquidated within the same year. Sale of investments consists of the sale of investments in units of liquid mutual funds and dividends from mutual funds.

Standalone net cash used in investing activities was ₹12.14 million for the year ended March 31, 2017, consisting of purchase of investments of ₹4,593.40 million, purchase of intangible assets of ₹14.78 million and purchase of property, plant and equipment of ₹13.98 million, which was partially offset by sale of investments of ₹4,609.78 million. This is due to surplus funds that await loan disbursements to clients being invested in liquid mutual funds that are liquidated within the same year. Sale of current investments consists of the sale of investments in units of liquid mutual funds.

Financing Activities

Consolidated net cash generated from financing activities was ₹6,501.99 million for the year ended March 31, 2019, consisting primarily of debt securities (net) of ₹3,572.51 million, borrowings (other than debt securities) (net) of ₹1,664.56 million, balance subscription of optional convertible redeemable preference shares (all series) (including securities premium) of ₹532.31 million, proceeds from the issuance of equity shares (including securities premium) of ₹501.00 million and proceeds from issue of share warrants (including securities premium) of ₹349.03 million.

Consolidated net cash generated from financing activities was ₹16,730.59 million for the year ended March 31, 2018, consisting primarily of debt securities (net) of ₹10,147.13 million, borrowings (other than debt securities) (net) of ₹3,640.51 million, balance subscription of optional convertible redeemable preference shares (all series) (including securities premium) of ₹2,442.13 million and proceeds from the issuance of equity shares (including securities premium) of ₹307.87 million.

Standalone net cash generated from financing activities was ₹16,730.59 million for the year ended March 31, 2018, consisting primarily of debt securities (net) of ₹10,147.13 million, borrowings (other than debt securities) (net) of ₹3,640.51 million, balance subscription of optional convertible redeemable preference shares (all series) (including securities premium) of ₹2,442.13 million and proceeds from the issuance of equity shares of ₹307.87 million.

Standalone net cash generated from financing activities was ₹3,148.88 million for the year ended March 31, 2017, consisting primarily of proceeds from issue of equity shares of ₹1,900.00 million and proceeds from the issue of preference shares (including securities premium) of ₹1,102.27 million.

Indebtedness

As of March 31, 2019, we had total borrowings on a consolidated basis aggregating to ₹29,677.37 million, comprising debt securities amounting to ₹13,719.64 million, borrowings (other than debt securities) amounting to ₹15,754.79 million and subordinated liabilities amounting to ₹202.94 million, each on a consolidated basis. For details, see "*Financial Indebtedness*" on page 402.

The following table sets forth certain information relating to principal portions of our outstanding indebtedness as of March 31, 2019, and our repayment obligations in the periods indicated:

	Payment due by period				
	Total	**Within 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
			(₹ in million)		
Debt Securities	13,719.64	10,890.80	2,828.83	-	-
Borrowings (other than debt securities)	15,754.79	10,534.93	5,219.85	-	-
Subordinated liabilities	202.94	3.73	-	-	199.21
Total borrowings	**29,677.37**	**21,429.46**	**8,048.68**	**-**	**199.21**

Apart from the above, we do not have any material contractual obligations or commitments.

Securitization Arrangements

As at March 31, 2019 and 2018, the outstanding carrying value of loans securitized on a consolidated basis was ₹6,638.38 million and ₹6,846.03 million, respectively. The outstanding carrying value of loans derecognised on a consolidated basis for the same period was ₹1,403.81 million and ₹Nil million, respectively.

As at March 31, 2017, the outstanding carrying value of loans securitized on a standalone basis was ₹Nil million and the outstanding carrying value of loans derecognised on a standalone basis was ₹Nil million.

Contingent Liabilities

The following table sets forth certain information relating to our contingent liabilities as per Ind AS 37 which have not been provided for, on a consolidated basis, as of March 31, 2019:

Particulars	As at March 31, 2019
Claims made by Service Tax department (₹ in million)............	48.66
Total (₹ in million)............	**48.66**

In addition, during the Reserve Bank of India's annual inspection of our Company for Fiscal 2018, the RBI shared a supervisory concern regarding our Company's adherence to the pricing guidelines prescribed under paragraph 54 of the RBI Master Directions DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, as amended ("Master Directions"). The RBI has further advised our Company to initiate the refund process. Our Company is of the opinion that the pricing of qualifying loans is in line with paragraph 54 of the Master Directions. An independent legal opinion has been obtained substantiating that our Company's method of determining the pricing of qualifying MFI loans is in compliance with the Master Directions. Pending outcome of the management's response to the RBI and given that the amount required to be refunded, if any, cannot be measured with sufficient reliability, no provision has been made in our restated financial statements as at March 31, 2019. In relation to the above and other supervisory concerns raised by RBI pursuant to their inspection report dated March 28, 2019, our Company has submitted their response by way of a letter dated May 31, 2019.

Historical and Planned Capital Expenditures

The table below sets for our capital expenditure incurred for the periods indicated:

Particulars	For the year ended March 31,		
	2019	2018	2017
		(₹ *in million)*	
Capital expenditure (representing purchase of fixed assets (including capital work in progress and capital advances))............	78.33	51.80	28.76

Our historical capital expenditure for the years ended March 31, 2019, 2018 and 2017 was incurred mainly for the purchase of assets and infrastructure for our new branches, replacement of our old assets, purchase of computer hardware and purchase and development of software.

We expect to incur capital expenditure amounting to ₹200 million in the year ending March 31, 2020 mainly towards new branch infrastructure, systems developments and upgrades.

Our actual capital expenditures may differ from the amounts set out above due to various factors, including our future cash flows, results of operations and financial condition, changes in the local economy in India, the availability of financing on terms acceptable to us, changes in the legislative and regulatory environment and other factors that are beyond our control.

Capital to Risk Weight Assets Ratios

The RBI monitors capital to risk assets ratios based on financial information. The following table sets forth our capital to risk weight assets ratios based on our restated financial position as of the periods indicated:

Spandana Sphoorty Financial Limited CRAR

Particulars	As of March 31,		
	2019 (standalone)	2018 (standalone)	2017 (standalone)
		(₹ *in million, except percentage)*	
Tier I Capital............	16,842.07	10,038.16	6,954.80
Tier II Capital............	455.02	310.64	62.80
Total Capital............	17,297.09	10,348.80	7,017.60
Total Risk Weighted Assets............	**43,670.96**	**31,808.26**	**14,317.71**
Capital Adequacy Ratio / Capital to Risk Weighted Assets Ratio			
CRAR - Tier I capital (%)............	38.57%	31.56%	48.52%
CRAR - Tier II capital (%)............	1.04%	0.98%	0.44%
CRAR (%)............	**39.61%**	**32.54%**	**48.96%**

Criss Financial Holdings Limited CRAR

Particulars	As of March 31, 2019 (standalone)
	(₹ in million, except percentage)
Tier I Capital	4,885.68
Tier II Capital	14.84
Total Capital	4,900.52
Total Risk Weighted Assets	**10,246.85**
Capital Adequacy Ratio / Capital to Risk Weighted Assets Ratio	
CRAR - Tier I capital (%)	47.68%
CRAR - Tier II capital (%)	0.14%
CRAR (%)	**47.82%**

The CRAR has been computed based on the restated financial statements prepared in accordance with Ind AS. While we believe these ratios have been computed using appropriate assumptions, in the absence of specific guidance from RBI on computation of CRAR under the Ind-AS regime, such ratios may not be comparable with other NBFCs.

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties. For details of our related party transactions in accordance with IND AS 24 on Related Party Disclosures, see "*Related Party Transactions*" on page 190.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various types of market risks during the normal course of business such as credit risk, interest rate risk, liquidity risk, operational risk, cash management risk, asset risk and inflation 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 client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behavior 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. For further details, see "*Our Business —Client Selection Policies and Processes - Client Due Diligence Processes*".

Interest Rate Risk

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 Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. For details, see "*Risk Factors – Our business is vulnerable to interest rate risk, and volatility in interest rates could have a material adverse effect on our net interest income, net interest margin and our financial performance*" on page 22.

Liquidity Risk

Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. Our resource mobilization department sources funds from multiple sources, including from banks, financial institutions and capital markets. Our resource mobilization department is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies. For details, see "*Risk Factors – There can be no assurance that we will be able to access capital as and when we need it for growth*" on page 26.

Operational Risk

Operational risks arise from inadequate or failed internal processes, people or systems, or from external events. We control our operational risk by maintaining a comprehensive system of internal controls supported by an on-the-ground internal audit team which conducts check at the client and branch levels concurrently with checks and balances instituted at the corporate level. Our dedicated operation risk management team identifies and monitors all people and process related risks and works on curing them in collaboration with the training department to strengthen people competencies and enhance process controls. This includes a feedback mechanism for continuous improvement. In addition, we have leveraged technology to enhance data integrity and swifter reporting to help in providing actionable intelligence to contain fraud by taking measures such as verifying client details and documentation online and using credit bureau data to get information on potential frauds. Our team also manages compliance with requirements set forth by regulatory bodies and our internal standards. For details, see "*Risk Factors – Any failure or material weakness of our internal control system could cause significant operational errors, which would materially and adversely affect our profitability and reputation*" on page 29.

Cash Management Risk

Our branches collect and deposit a large amount of cash through a high volume of transactions taking place in our branch network. To address the cash management risks, we have developed advanced cash management checks that we employ at multiple levels to track and tally accounts. We ensure that cash collected up to a certain time is deposited at local bank branches on the same day. Cash that is to be deposited is accounted for at the branch level and at a central level to avoid discrepancies. Moreover, we conduct regular internal audits to ensure the highest levels of compliance with our cash management systems. For details, see "*Risk Factors – We handle cash in a high volume of transactions occurring through a dispersed network of branches; as a result, we are exposed to operational risks, including fraud, petty theft and embezzlement. Further, our employees may be the target of violent crime, such as thefts and robberies, which may adversely affect our business, operations and our ability to recruit and retain employees*" on page 31.

Inflation Risk

Inflation rates in India have been range-bound in recent years. However, significant geo-political events may increase inflation levels in the future. A high-inflation environment may result in an increase in overall interest rates. High rates of inflation in the Indian economy could also lead to a higher operating cost, which could impact the results of our operations. High inflation rates may also adversely affect growth in the Indian economy and have indirect consequences on household economics and income generation potential of our clients, which could affect their repayment capacities.

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 page 18. To our knowledge, except as discussed in this Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future Relationship between Cost and Revenue

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 18, 129 and 371, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

New Products or Business Segments

Other than as disclosed in this chapter and in "*Our Business*" on page 129, 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.

Seasonality of Business

Our business is subject to seasonality as we typically see higher borrowings by our Clients 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.

Transition to Ind AS

The Ministry of Corporate Affairs, in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS for scheduled commercial banks, insurers, insurance companies and NBFCs. This roadmap requires these institutions to prepare Ind AS based financial statements for the accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018.

Material developments subsequent to March 31, 2019

On May 18, 2019, we were involved in a direct assignment transaction with the State Bank of India, where we sold a pool of 168,397 loan contracts with an aggregate principal outstanding amount of ₹2,977.55 million as on April 30, 2019.

On July 31, 2019, we were involved in another direct assignment transaction with the State Bank of India, where we sold a pool of 13,828 loan contracts with an aggregate principal outstanding amount of ₹355.78 million as on June 30, 2019.

FINANCIAL INDEBTEDNESS

Our Company avails loans in the ordinary course of business for the purposes of providing microfinance services. For the purpose of the Offer, our Company has obtained the necessary consents from certain lenders, as required under the relevant loan documentations for undertaking activities, such as change in its capital structure, change in its shareholding pattern, change or amendment to the constitutional documents of our Company, etc. For further information regarding non-receipt of lender consents, please see, *"Risk Factors"* on page 18.

Pursuant to a resolution dated June 14, 2018 passed by our Shareholders, our Board is authorised to borrow any sum or sums of moneys from time to time, provided the total amount of monies including money already borrowed by our Company (excluding temporary loans obtained from bankers of our Company in the ordinary course of business) shall not at any time exceed the limit of ₹80,000 million, irrespective of the fact that such aggregate amount of borrowings outstanding may exceed the aggregate of the paid up capital of our Company and its free reserves, not set apart for any specific purpose. Further, pursuant to a resolution dated July 11, 2019 passed by our Shareholders, our Board (which term shall include any committee constituted/ may be constitutedby the Board to exercise its powers including the powers conferred under the resolution passed by the Shareholders on July 11, 2019 for approval for issuance of NCDs on a private placement basis) is authorised to make offers, invites, subscribe to, and allot, unsubordinated or subordinated, perpetual or non-perpetual, listed or unlisted, secured or unsecured, NCDs on a private placement basis during a period of one year from passing of the resolution up to a amount not exceeding ₹ 20,000 million , on such terms and conditions as the Board or any committee thereof may decide, in its absolute discretion.

Set forth below is a brief summary of our aggregate borrowings as of July 5, 2019*:

Category of borrowing	Sanctioned Amount	Outstanding amount (in ₹ million) as on July 5, 2019
(a.) Fund based borrowings		
Term Loan		
Secured	38,605.00	21,707.58
Unsecured	200.00	199.46
Cash Credits		
Secured	50.00	49.92
Unsecured	0.00	0.00
NCDs		
Secured	7,945.00	5,311.96
Unsecured	200.00	219.29
Borrowed under securitisation arrangement	15,041.55	5,481.52
Working Capital facilities		
Secured	0.00	0.00
Unsecured	0.00	0.00
Commercial Papers	-	-
(b.) Non- Fund based borrowings		
Bank Guarantees	0.00	0.00
Total	62,041.55	32,969.73

* *As certified by Karvy & Co., Chartered Accountants, having firm registration number 001757S, through their certificate dated July 15, 2019*

Principal terms of the borrowings availed by us:

1. ***Interest:*** In terms of the loans availed by us, the interest rate is typically the base rate of a specified lender and spread per annum, subject to a minimum interest rate. The spread varies among different loans.

   Our Company has also issued rated, secured and redeemable NCDs to various subscribers in compliance with the SEBI Debt Listing Regulations. For such borrowings, we enter into debenture trust deeds ("**DTDs**") and in terms of such DTDs, a specified interest or coupon rate is to be paid per annum.

   The fixed interest rate for the term loans availed by us typically ranges from 10.10% to 14.00% per annum, and the coupon rate for the rated, secured and redeemable NCDs issued by us typically ranges from 12.30% to 14.00% per annum.

2. ***Tenor:*** The tenor of the term loans availed by us typically ranges from 12 months to 42 months. The tenor of some of our term loans include a moratorium period from the date of first disbursement as stipulated under relevant financing documents.

   The tenor of the rated, secured and redeemable NCDs issued by us typically ranges from 36 months to 72 months (calculated from the date of deemed allotment). Further, the tenor of the cash credit limits is a maximum of 12 months.

3. ***Security:*** In terms of our borrowings where security needs to be created, we are typically required to:

(a) Create security by way of hypothecation on our Company's present and future book-debts;Create a *pari passu* or first charge on hypothecation of loan receivables under the financing activity, including all benefits and rights incidental thereto;

(b) Create security by way of mortgage of certain immovable properties of our Company;

(c) Maintain an asset cover for the loan by way of charge over the loan assets/ book debts at a minimum prescribed limit;

(d) Provide cash collaterals;

(e) Provide post-dated and undated cheques; and

(f) Execute a demand promissory note for a specified amount in the form approved by the relevant lender.

Additionally, in terms of certain borrowings, our Individual Promoter are also required to create a pledge on their Equity Shares. For more details, see *"Capital Structure"* on page 75.

The details above are indicative and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

4. ***Re-payment:*** The cash credit facilities are typically repayable on demand. While certain term loans are repayable on demand, the repayment period for most term loans typically range from 12 months to 42 months. The term loans are required to be repaid in such instalments as set out in relevant financing documents. Further, in terms of the rated, secured and redeemable NCDs, the redemption period typically ranges from 36 months to 72 months. With respect to certain rated, secured and redeemable NCDs, the trustees also have a right to call for early redemption of the rated, secured and redeemable NCDs by exercising the put option on behalf of the debenture holders.

5. ***Prepayment:*** The loans availed by our Company typically have prepayment provisions which allows for prepayment of the outstanding loan amount at any given point in time, subject such prepayment penalties as may be decided by the lender at the time of such prepayment. The prepayment penalty typically ranges from 2.00% to 5.00% of the amount being prepaid. Some of our term loans do not permit prepayment during the tenor of such term loans.

6. ***Penalty:*** The loans availed by our Company does contain provisions prescribing penalties for delayed payment or default in the repayment obligations of our Company, which typically range from 1.00% to 2.00% of the amounts involved.

7. ***Restrictive Covenants:*** The loans availed by Our Company contain certain restrictive covenants, including:

(i) Change in capital structure or shareholding pattern of our Company without prior approval of the lender;

(ii) Creation of any further charge on the fixed assets of our Company without prior approval of the lender;

(iii) Any scheme of amalgamation, merger, consolidation, re-organisation, reconstruction, restructuring, scheme of arrangement or compromise between our Company and its creditors or shareholders without prior approval of the lender;

(iv) Change in ownership, management or control of our Company without prior approval of the lender;

(v) Dilution of the promoter's shareholding in the Company without the prior approval of the lender;

(vi) If our Company causes any material change to the nature or conduct of business, ceases to carry on its business or gives notice of its intention to do so without prior approval of the lender; and

(vii) Change or amendment to the constitutional documents without the prior approval of the lender.

8. ***Events of Default:*** Borrowing arrangements entered into by our Company contain standard events of default, including:

(a) Violation of any term of the relevant agreement or any other borrowing agreement entered into by our Company with the lender;

(b) Any change in the financial ratios of our Company beyond the prescribed limits as mentioned under various borrowing agreements;

(c) Non creation of the required security as required under the loan agreement entered into between our Company and lender within the stipulated time;

(d) Non-payment of instalment/ interest within stipulated time;

(e) Any default in relation to any other loan or financing facility availed by the Company and its holding/ subsidiary/ associate/ affiliate company or any other lender;

(f) Inability of the Company to pay its debts or default in any payment for any other loan availed;

(g) Declaring dividend over and above the percentage indicated in the cash flow statements without the approval of the lender;

(h) Diversion of funds for purposes other than the sanctioned purpose;

(i) Occurrence of any event, which in the lender's opinion could be expected to have a material adverse effect on the ability of our Company or our Promoters to perform their obligations under the financial documents; and

(j) Down-grading of credit ratings below specified limits, as stipulated by the lender.

The details above are indicative and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

Additionally, our Company is required to ensure that the aforementioned events of default and other events of default, as specified under the various binding documents and agreements entered into by our Company for the purpose of availing of loans are not triggered.

We undertake certain securitization of loan portfolio. For details, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 371.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this chapter, there are no outstanding (i) criminal proceedings, (ii) actions taken by statutory or regulatory authorities, (iii) tax proceedings, and (iv) material litigation, in each case, involving our Company, our Promoters, our Directors, our Subsidiaries, or our Group Company (together, "**Relevant Parties**"). For the purpose of material litigation in (iv) above, our Board has considered and adopted the following policy on materiality with regard to outstanding litigation pursuant to a resolution dated June 14, 2018, as amended on June 28, 2019:*

(a) Criminal, tax proceedings and actions by statutory authorities/regulatory authorities: All criminal and tax proceedings, and actions by statutory/regulatory authorities involving the Relevant Parties shall be deemed to be material;

(b) Pre-litigation notices: Notices received by the Relevant Parties, from third parties (excluding statutory/regulatory/tax authorities or notices threatening criminal action) shall, not be evaluated for materiality until such time that the Relevant Parties are impleaded as defendants in litigation proceedings before any judicial forum; and

(c) De minimis monetary threshold for civil litigation: Pending litigation involving the Relevant Parties, other than criminal proceedings, statutory and regulatory actions and taxation matters, shall be considered material if the monetary amount of the claim by or against the entity or person in any such proceeding exceeds 1% of the PAT of the Company as per the last Restated Consolidated Financial Statements for the latest Fiscal disclosed in the offer documents.

For the purposes of disclosure in this Prospectus, it is clarified that the de minimis threshold for all outstanding civil litigation involving the Relevant Parties is ₹31.19 Million. However, in the event of pending civil litigation wherein a monetary liability is not quantifiable, such litigation shall be considered as material only in the event that the outcome of such litigation has a bearing on the operations, performance, prospects or reputation of the Company. Further, except as stated in this chapter, there are no (i) outstanding dues to material creditors of our Company as determined to be material by our Board of Directors as per the materiality policy, in accordance with SEBI ICDR Regulations; and (ii) outstanding dues to small scale undertaking and other creditors

Litigation involving our Company

I. ***Litigation against our Company***

A. *Criminal Proceedings*

An original petition bearing number 745/2010 has been filed by Eddandi Devai before the Motor Accident Claims Tribunal at Nizamabad ("**Tribunal**") against our Company and Gujjala Rajeshwar, a former client of our Company. Further, another original petition, bearing number 753/2010, has been filed by Chukka Bagirtha and Chukka Yerranna before the Tribunal against our Company and Gujjala Rajeshwar. Both petitions have been filed alleging the death of the respective kin of the petitioners in an accident involving a vehicle owned by Gujjala Rajeshwar, which had been hypothecated in favour of our Company as security for a loan. Subsequently, a complaint was lodged at the Nandipet police station, and a FIR bearing number 55/2010 was registered in furtherance of the complaint. Pursuant to separate orders dated January 5, 2016, the Tribunal directed both our Company and the owner of the tractor to pay ₹0.51 million along with costs and interest to the petitioners in each petition as compensation. Pursuant to the orders, the petitioners, in each petition, filed separate applications for execution of decree. Aggrieved, our Company has filed appeals bearing numbers MA CMA 173/2018 and MA CMA 388/2018, and several interlocutory appeals, before the High Court of Judicature at Hyderabad ("**High Court**") praying for a stay and setting aside of the order of the Tribunal. Our Company has also sought condonation of delay in preferring an appeal by filing interlocutory appeals bearing number 2/2018 before the High Court. The High Court by way of an order dated June 29, 2018, granted interim stay on all further proceedings in original petition bearing number 745/2010 subject to our Company depositing 50% of awarded amount. Accordingly, our Company has deposited ₹0.41 million on August 16, 2018. Further, the High Court by way of an order dated July 3, 2019, granted interim stay on execution of decree and judgment of the Tribunal in original petition bearing number 753/2010 subject to our Company depositing 50% of awarded amount. The matters are currently pending.

B. *Material Outstanding Civil Litigation*

An original application bearing number 738/2016 (formerly original application bearing number 440 of 2016 of Debt Recovery Tribunal, Hyderabad, referred to as "**Original Application**") has been filed by the Punjab National Bank ("**PNB**") against our Company, our Individual Promoter, i.e. Padmaja Gangireddy and one of our Directors, i.e. Abanti Mitra before the Debts Recovery Tribunal, Hyderabad ("**DRT**"). Pursuant to the Original Application, PNB has sought the repayment for ₹271.39 million with interest ("**Claimed Amount**") from our Company and has alleged that it did not receive the Claimed Amount as part of the Settlement Agreement. However, under the Settlement Agreement, in addition to amount paid to other lenders of our Company, PNB had previously received a consideration of ₹564.69 million along with ₹70.00 million towards adjustment towards sale consideration of the OCCRPS as full and final settlement of the claims of PNB against our Company. For further details in relation to the Settlement Agreement, see "*History and Certain Corporate Matters – Other Agreements*" on page 162. Aggrieved, our Company filed an interlocutory application bearing number 253/2017 before the Debts Recovery Tribunal-2, Hyderabad submitting the receipt of the Claimed Amount by PNB, and praying for the dismissal of the Original Application. The matters are currently pending.

C. Outstanding actions initiated by regulatory and statutory authorities

(a.) Pursuant to a letter dated September 1, 2009, our Company had sought an exemption from the Government of Andhra Pradesh from the payment of Employee State Insurance ("**ESI**") contributions ("**Exemption Application**"). On inspection of our premises and records, our Company received a notice dated February 11, 2010 from the Deputy Director, ESI Corporation ("**ESIC**") directing the payment of ESI contributions aggregating to ₹25.61 million by our Company. Our Company by a letter dated March 12, 2010 contended that Exemption Application was pending before the Government of Andhra Pradesh. Subsequently, the ESIC initiated criminal prosecution against our Company bearing PC Case number 10/2010 before the Employees Court, Industrial Tribunal, Hyderabad ("**Tribunal**"). Aggrieved, our Company filed a petition bearing CP number 3003/2010 before the High Court of Judicature at Hyderabad ("**High Court**") pursuant to which the High Court granted interim stay. Subsequently, pursuant to an order dated August 19, 2010, the Deputy Director, ESIC directed our Company to pay an amount aggregating to ₹24.75 million for the delay and default in payment of ESI contributions. Additionally, the Exemption Application was rejected by the Government of Andhra Pradesh by an order dated October 23, 2010. Thereafter the ESIC, pursuant to a revised order dated July 15, 2011, reduced the amount of the contributions to ₹5.34 million. Our Company paid the contribution along with interest. Further, by an order dated April 18, 2012 ("**Order**"), the ESIC directed damages aggregating to ₹3.47 million. Aggrieved by the Order, our Company has filed a petition bearing EIC number 14/2012 before the Employees Insurance Court, Hyderabad and a petition bearing IA number 100/2012 before the Tribunal. Pursuant to its order dated April 25, 2012, the Tribunal has granted a stay on the Order. By way of an order dated June 25, 2018, the Employees Insurance Court and Chairman Industrial Tribunal-I at Hyderabad, has set aside the order dated April 18, 2012. Aggrieved, the ESIC has preferred an appeal to the High Court against the order dated June 25, 2018. The matters are currently pending.

(b.) Our Company received summons by way of letter dated December 26, 2016 from the Regional Provident Fund Commissioner, EPFO, Guntur ("**RPFC**") for the alleged failure by our Company on payment of employee provident fund contributions, pension fund contributions and employees deposit linked insurance fund and related administrative charges. Pursuant to its order dated October 6, 2017 ("**RPFC Order**"), the RPFC imposed a penalty of ₹0.42 million on our Company towards damages. Aggrieved by the RPFC Order, our Company filed an appeal bearing EPFA number 6/2018 before the Central Government Industrial Tribunal cum Labour Court at Hyderabad ("**Labour Court**"), with an application for waiver through deposit conditions. Pursuant to its order dated February 20, 2018, the Labour Court stayed the RPFC Order and directed the RPFC against taking any further coercive actions against our Company. The matter is currently pending.

(c.) Our Company received a show cause notice dated March 2, 2010 from the Agency Divisional Officer and Sub Divisional Magistrate, Bhadrachalam, Khammam District ("**ADO**") seeking an explanation against the alleged violation of the provisions of the Andhra Pradesh (Scheduled Areas) Money Lenders Regulations Act, 1860 and Andhra Pradesh (Scheduled Areas) Land Transfer Regulations Act, 1959 (collectively, "**Regulations**"). The ADO alleged that our Company established a branch at Bhadrachalam and was charging a higher rate of interest and penalties without obtaining a valid license, and hence was operating in violation of the Regulations. By way of a letter dated March 16, 2010, our Company submitted that it was not in violation of the Regulations. Subsequently, pursuant to an order dated April 30, 2010 ("**ADO Order**"), the ADO directed the Tahsildar, Bhadrachalam Mandal, Khammam District ("**Tahsildar**") to stop the business of the Company by seizing our business premises as well as our documents and taking steps to lodge prosecution under the Regulations. On May 1, 2010, a panchnama was issued to recover the records of our Company. Aggrieved, our Company filed a writ petition bearing WP number 11218/2010 before the High Court of Judicature at Hyderabad ("**High Court**") against the ADO, the Tahsildar, Agent to the Government and District Collector (Khammam District) and the state of Andhra Pradesh to allow our Company to carry on business, suspend the Order. Pursuant to its order dated May 12, 2010, the High Court granted interim suspension of the ADO Order. The matter is currently pending.

(d.) Pursuant to a circular dated July 26, 2010 ("**Circular**") issued by the Project Officer, Itda Utnoor, Adilabad District ("**Project Officer**"), stringent action was sought to be initiated against, *inter alia*, micro finance companies, including our Company, in Adilabad District in order to prevent their money lending business as per the Andhra Pradesh Prevention of Money Lending Business (in Agency Areas) Act, 1960. Acting on the directions of the Circular, certain Executive Magistrates, Tahsildars and other government authorities of Utnoor, Adilabad District, have filed criminal cases against our Company. Aggrieved, our Company has filed writ petitions bearing numbers 23366/2010 and 20295/2010 ("**Writ Petitions**"), and certain miscellaneous petitions at the High Court of Judicature at Hyderabad ("**High Court**") against the District Collector, Adilabad District, the Project Officer, the Superintendent of Police, Adilabad District, amongst others (collectively, "**Respondents**"), praying for a writ of mandamus declaring the action of the Project Officer to be arbitrary, illegal and unconstitutional, and directing the Respondents to forbear from interfering with the micro finance business of our Company. Pursuant to order dated September 21, 2010, the High Court granted suspension of the operation of the impugned Circular issued by the Project Officer, subject to the condition that our Company would not charge any penal interest from its borrowers. The matter is currently pending. Further, petition bearing writ petition number 20295/2010 is pending.

II. ***Litigation by our Company***

A. Criminal Proceedings

1. There are 195 cases filed by our Company pending before various forums for alleged violation of Section 138 of the Negotiable Instruments Act, 1881 for recovery of dishonour of cheques issued by the clients/ debtors of our Company which involves an aggregate sum of ₹3.71 million.

2. There are 176 criminal proceedings initiated by our Company that are pending before various forums at different stages. These proceedings, *inter alia*, relate to instances of theft and fraud in relation to cash embezzlement aggregating to ₹64.70 million (excluding recovery of certain portions).

B. Material Outstanding Civil Litigation

Our Company filed a writ petition bearing number 25999/2010 ("**Writ Petition**") before the High Court of Judicature at Hyderabad ("**High Court**") challenging the Andhra Pradesh Micro Finance Institutions (Regulation of Money Lending) Ordinance dated October 15, 2010 ("**AP Ordinance**"). The High Court on October 22, 2010 issued interim order directing our Company to apply for registration as per the provisions of the Andhra Pradesh Micro Finance Institutions (Regulation of Money Lending) Rules, 2010 within one week, and to continue with business pending registration on the condition that our Company ensures due adherence to the AP Ordinance. Subsequently, the High Court on October 29, 2010 modified the order as on October 22, 2010 to the extent that the State of Andhra Pradesh granted provisional registration to our Company, with fifteen days extension to submit relevant forms, and a one week extension to file returns ("**Interim Orders**"). The High Court by way of an order dated February 11, 2013, disposed the Writ Petition. Aggrieved, our Company filed a special leave petition bearing number 14772/2013 before the Supreme Court of India against the State of Andhra Pradesh and others, praying for interim relief. Further, pursuant to an order dated April 23, 2013, the Supreme Court of India ordered continuation of the Interim Orders, pending further orders and directed that no coercive steps should be taken against our Company as long as it complies with the Interim Orders. The matter is currently pending.

Litigation involving our Subsidiaries

I. ***Litigation against our Subsidiaries***

A. Criminal Proceedings
Nil

B. Material Outstanding Civil Litigation
Nil

C. Outstanding actions initiated by regulatory and statutory authorities
Nil

II. ***Litigation by our Subsidiaries***

A. Criminal Proceedings

There are six cases filed by Criss Financial pending before various forums across the country for alleged violation of Section 138 of the Negotiable Instruments Act, 1881 for recovery of dishonour of cheques issued by the clients/ debtors of Criss Financial which involves an aggregate sum of ₹0.08 million.

There are four criminal proceedings initiated by Criss Financial pending before various forums and at different stages. These proceedings, inter alia, relate to instances of theft and fraud in relation to cash embezzlement aggregating to ₹0.69 million.

B. Material Outstanding Civil Litigation

Nil

Litigation involving our Group Company

I. ***Litigation against our Group Company***

A. Criminal Proceedings

Nil

B. Material Outstanding Civil Litigation

Nil

C. Outstanding actions initiated by regulatory and statutory authorities

Nil

II. ***Litigation by our Group Company***

A. Criminal Proceedings

Nil

B. Material Outstanding Civil Litigation

Nil

Litigation involving our Promoters

I. Litigation against our Promoters

A. Criminal Proceedings

(a.) The Tahsildar, Utnoor Mandal, Adilabad District filed an FIR bearing criminal number 88/2010 ("**FIR**"), against our Individual Promoter, Padmaja Gangireddy and one of our former regional managers, Gandla Venkateswara Rao along with a report dated August 28, 2010 alleging that our Company was lending money to residents of Utnoor Mandal, charging a higher rate of interest against loans availed and engaging in the business of money lending without obtai ning valid license, in contravention with the Andhra Pradesh (Scheduled Areas) Money Lenders Regulations Act, 1860. Padmaja Reddy and Gandla Venkateswara Rao filed a writ petition bearing WP number 28459/2010 before the High Court of Judicature at Hyderabad ("**High Court**") ("**Writ Petition**") to stay all proceedings in connection with FIR and quash the same as illegal, arbitrary and unconstitutional and to grant relief. Padmaja Gangireddy and Gandla Venkateswara Rao also filed a petition bearing WPMP number 36299/2010 ("**Miscellaneous Petition**") to grant stay on all further proceedings in connection with the FIR including their arrest, until the disposal of the Writ Petition. By way of an order dated November 16, 2010, the High Court granted interim stay with respect to the proceedings under the FIR. The matter is currently pending.

(b.) Shaik Bajibaba ("**Complainant**") has filed an FIR bearing number 26/2015 ("**FIR**"), against Shaikh Khaja, an employee at ING Vyasa Bank, alleging misappropriation and criminal breach of trust, pertaining to mortgaging of the Complainant's gold ornaments. The Inspector of Police, Ponnur Town Police Station, impleaded our Individual Promoter, Padmaja Gangireddy, as a co-accused in the remand report filed by him in relation with the FIR. Our Individual Promoter has been named as one of the accused in the charge sheet filed by the Inspector of Police, Ponnur Urban Police Station before the Additional Junior Civil Judge, Ponnur. The matter is currently pending.

B. Material Outstanding Civil Litigation

Please see "*– Litigation against our Company - B. Material Outstanding Civil Litigation*" on page 407.

C. Outstanding actions initiated by regulatory and statutory authorities

Nil

II. ***Litigation by our Promoters***

A. Criminal Proceedings

(a.) An FIR bearing number 193/2010 ("**FIR**") was filed by Byakonda at the Punganur Police Station, Chittoor District, alleging collection of high rate of interest on loan availed from our Company and detaining by Company staff on non-repayment of the said loan. Our Individual Promoter, Padmaja Gangireddy filed a writ petition bearing number 27924/2010 ("**Writ Petition**") before the High Court of Judicature of Andhra Pradesh at Hyderabad ("**High Court**") against the State of Andhra Pradesh, represented by the Sub Inspector of Police (Punganur Police Station, Chittoor District) ("**Sub Inspector**") and Byakonda to issue a writ of certiorari in connection with the FIR. The High Court granted an interim stay by an order dated November 9, 2010 and directed the Sub Inspector to not take any coercive steps pursuant to the FIR. On September 29, 2015, a charge sheet bearing CC number 3/2015 ("**Criminal Case**") was filed in the Court of Judicial Magistrate of First Class, Punganur, by the Sub Inspector against Padmaja Gangireddy and others. Subsequently, the High Court in view of the Criminal Case, dismissed the writ petition by an order dated June 21, 2016, and directed continuation of the interim order for a period of 10 days. Subsequently, Padmaja Gangireddy filed a petition against the Sub Inspector and Byakonda, bearing criminal petition number 9360/2016 ("**Criminal Petition**") and miscellaneous petition and prayed before the High Court to quash proceedings in connection with the Criminal Case. The High Court granted an interim stay by way of an order dated June 29, 2016. The matter is currently pending.

(b.) An FIR bearing number 203/2010 ("**FIR**") was filed by Vaddee Ammulu at the Yemmiganur Police Station, Kurnool District, alleging wrongful restraint and criminal intimidation by a former credit Assistant of our Company, Pullaiah, for non-repayment of loan availed from our Company. Our Individual Promoter, Padmaja Gangireddy was impleaded in the FIR by way of a memo dated October 19, 2010 in crime number 203/2010, filed by the Sub Inspector of Police (Yemmiganur Police Station, Kurnool District) ("**Sub Inspector**") before the Court of Judicial Magistrate of First Class, Yemmiganur. Aggrieved, Padmaja Gangireddy filed a writ petition bearing number 27697/2010 before the High Court of Judicature of Andhra Pradesh at Hyderabad ("**High Court**") against the State of Andhra Pradesh, the Sub Inspector and Vaddee Ammulu to issue a writ of certiorari in connection with the FIR. The High Court granted an interim stay and directed the Sub Inspector to not take any coercive steps pursuant to the FIR until further orders. Subsequently, the High Court by way of an order dated July 12, 2013, dismissed the Writ Petition. Consequently, Padmaja Gangireddy filed a petition bearing criminal petition number 7894/2013 ("**Criminal Petition**") against Sub Inspector of and Vaddee Ammulu to quash proceedings in crime number 203/2010. The High Court extended the interim stay by way of an order dated September 12, 2013. The matter is currently pending.

B. Material Outstanding Civil Litigation

Nil

Litigation involving our Directors

I. Litigation against our Directors

A. Criminal Proceedings

A complaint has been filed by the Vigilance License Inspector of Municipal Corporation of Greater Mumbai before the Metropolitan Magistrate, Shindewadi, Dadar at Mumbai ("**Court**") against Mahindra Logistics Limited, its directors (including Sunish Sharma) and others. The complaint has been filed alleging failure to obtain a license for transporting of goods from one of the premises under Section 394 (1) (e) (i) read with Section 471 of the Mumbai Municipal Corporation Act, 1888. Pursuant to an order dated February 27, 2019 (the "**Order**"), the Court issued bailable warrant against the accused. Aggrieved by the same, accused have filed a criminal application before the High Court of Bombay ("**High Court**") praying for a stay, for deletion of name of directors amongst others of Mahindra Logistics Limited and setting aside of the Order of the Court. The High Court by way of an order dated April 25, 2019 granted stay on the Order. The matters are currently pending.

Please see "– *Litigation against our Promoters – A. Criminal Proceedings*" on page 408 for criminal proceedings initiated by our Managing Director.

B. Material Outstanding Civil Litigation

Please see "– *Litigation against our Company - B. Material Outstanding Civil Litigation*" on page 405 for material outstanding civil litigation against our Managing Director and Abanti Mitra, our Independent Director.

C. Outstanding actions initiated by regulatory and statutory authorities

The Inspector of Legal Metrology, Byculla (the "**Inspector of Legal Metrology**") had carried out an inspection on one of the franchisee store of Vedant Fashions Private Limited (the "**Company**") on April 22, 2019. Pursuant to the inspection, the Inspector of Legal Metrology has issued a notice dated June 7, 2019 for violation of Section 16(1) of the Legal Metrology Act, 2009 (the "**Act**") and Rule 6(1)(d) of the Legal Metrology (Packaged Commodities) Rules, 2011. While the Company has responded to the said notice requesting the relevant department and the Inspector of Legal Metrology to withdraw the said notice as the said Act and the relevant rules are not applicable to the Company, however, the Inspector of Legal Metrology has subsequently sent an intimation letter on July 22, 2019 which has been received by the Company and its directors (including Sunish Sharma) on or around July 27, 2019 asking them to appear before the Court of Additional Chief Judicial Magistrate, Dadar on August 21, 2019 failing which a criminal complaint is proposed to be lodged against the Company and its directors. The matter is currently pending.

II. ***Litigation by our Directors***

A. Criminal Proceedings

Please see "– *Litigation against our Promoter – A. Criminal Proceedings"* on page 408 for criminal proceedings initiated by our Managing Director.

B. Material Outstanding Civil Litigation

Nil

Tax Proceedings

Except as disclosed, there are no outstanding tax proceedings involving our Company, Directors, Promoters, Subsidiaries or Group Company.

Nature of case	Number of cases	Amount involved (in ₹ million)
Company		
Direct Tax	8	298.91
Indirect Tax	4	104.56
Directors		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Promoters		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Subsidiaries		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Group Company		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil

Outstanding dues to Creditors

As of March 31, 2019, we had 12 creditors. The aggregate amount outstanding to such creditors on a consolidated basis as of March 31, 2019 was ₹7.73 million. For identification of material creditors, any creditor of the Company shall be considered to be material for the purpose of disclosure in this Prospectus, if amount due by the Company exceeds ₹10 million, based on size of the balance sheet of our Company as per the last Restated Consolidated Financial Statements of the Company for a full financial year included in this Prospectus. Based on the materiality policy and the Restated Consolidated Financial Statements, there are no material creditors as on March 31, 2019. The dues owed to small scale undertakings and other creditors as at March 31, 2019, is set out below:

Creditors	Number of creditors	Amount involved (in ₹ million)
Small scale undertakings	None	Nil
Other Creditors	12	7.73

The details pertaining to net outstanding dues towards our creditors are available on the website of our Company at http://www.spandanaindia.com/pdfs/ListofCreditors.pdf.] It is clarified that other than details pertaining to net outstanding dues towards our creditors, no information available on our website form a part of this Prospectus.

Material Developments

Except as disclosed in "*Management's Discussion And Analysis of Financial Condition and Results of Operations*" on page 371, since the date of the last financial information disclosed in this Prospectus, there have not arisen any circumstances which materially and adversely affect, or are likely to affect, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

Our Company is required to obtain necessary consents, licenses, permissions, registrations and approvals from the Government, various governmental agencies, including various authorities in the States of India, where we have our presence, and other statutory and/ or regulatory authorities required for carrying out our present business activities or to undertake the Offer. Except as mentioned below, no further material approvals are required for carrying on our present business activities or to undertake the Offer. Our Company undertakes to obtain all material approvals and licenses and permissions required to operate our present business activities. Unless otherwise stated, these approvals or licenses are valid as of the date of this Prospectus and in case of licenses and approvals which have expired; we have either made an application for renewal or are in the process of making an application for renewal. For further details, in connection with the applicable regulatory and legal framework within which we operate, see "*Regulations and Policies*" on page 146.

The objects clause of the Memorandum of Association enables our Company to undertake its present business activities.

A. Approvals in relation to our Company

The approvals required to be obtained by our Company include the following:

I. Approvals in relation to the Offer

For details, see "*Other Regulatory and Statutory Disclosures*" on page 414.

II. Incorporation details of our Company

(i) Certificate of incorporation dated March 10, 2003 issued by the RoC to our Company, in its former name, being Spandana Sphoorty Innovative Financial Services Limited.

(ii) Certificate of commencement of business dated November 11, 2003 issued by the RoC, in its former name, being Spandana Sphoorty Innovative Financial Services Limited.

(iii) Fresh certificate of incorporation dated January 3, 2008 issued by the RoC to our Company consequent upon change of name of our Company to Spandana Sphoorty Financial Limited.

(iv) Our Company has been allotted the corporate identity number U65929TG2003PLC040648.

III. Business related approvals

(a) Regulatory Approvals

(i) The RBI granted a certificate of registration dated October 16, 2004, allotting registration number N-09.00414 pursuant to which our Company was registered as an NBFC under section 45 IA of the RBI Act under its old name, Spandana Sphoorty Innovative Financial Services Limited.

(ii) Consequent upon change of name of our Company to Spandana Sphoorty Financial Limited, the RBI granted no objection to the change of the name of the Company pursuant to a letter dated December 26, 2007.

(iii) The RBI granted a certificate of registration dated January 11, 2008, bearing registration number N-09.00414, consequent to change in name of our Company to Spandana Sphoorty Financial Limited, pursuant to which our Company was registered as an NBFC under section 45 IA of the RBI Act under its new name.

(iv) The RBI has issued a fresh certificate of registration dated April 13, 2015, bearing registration number N-09.00414 for conversion of our Company to NBFC – Microfinance Institution (MFI), under section 45 IC, under its name, "Spandana Sphoorty Financial Limited".

(v) The Insurance Regulatory and Development Authority of India has issued certificate of registration dated April 17, 2018, bearing registration number CA0553, to act as a corporate agent under the Insurance Act, 1938 and the Registration of Corporate Agents – Regulations, 2015.

(b) Approval from Taxation Authorities

- The permanent account number of our Company is AAICS6213N.
- The tax deduction account number of our Company is HYDS10183F.

- Goods and services tax registration numbers of our Company, as per the state where are business operations are spread, are as follows:

State	Registration number
Andhra Pradesh	37AAICS6213N1ZX
Bihar	10AAICS6213N1ZD
Chhattisgarh	22AAICS6213N1Z8
Goa	30AAICS6213N1ZB
Gujarat	24AAICS6213N1Z4
Jharkhand	20AAICS6213N1ZC
Karnataka	29AAICS6213N1ZU
Kerala	32AAICS6213N1Z7
Madhya Pradesh	23AAICS6213N1Z6
Maharashtra	27AAICS6213N1ZY
Orissa	21AAICS6213N1ZA
Rajasthan	08AAICS6213N1ZY
Tamil Nadu	33AAICS6213N1Z5
Telangana	36AAICS6213N1ZZ* and 36AAICS6213N2ZY**
Uttar Pradesh	09AAICS6213N1ZW
West Bengal	19AAICS6213N1ZV

* For purchase of goods

** For Input Distribution Scheme

- Our Company has several branches in various states falling under the respective professional tax legislations. Accordingly, our Company has obtained various registrations in its normal course and has either made an application to the appropriate authorities for renewal of such registration or is in the process of making such applications.

(c) Other Approvals

Our Company has obtained registrations in the normal course of business for its branches across various states in India under the employees' state insurance, employee provident fund and relevant shops and establishment legislations. Certain licenses may have lapsed under their normal course. Our Company has either made an application to the appropriate authorities for fresh registrations or for renewal of existing registrations, or is in the process of making such applications.

IV. Intellectual Property Rights

Our Company holds the following trademarks:

Trademark	Class	Application number	Date of Application	Authority
SPANDANA	36	3835232	May 9, 2018	The Registrar of Trade Marks, Chennai
SSFL	36	3859433	June 14, 2018	The Registrar of Trade Marks, Chennai
SPANDANA SPHOORTY	36	3859432	June 14, 2018	The Registrar of Trade Marks, Chennai

B. Approvals in relation to our Subsidiaries

(a) Caspian Financial:

- Certificate of incorporation dated October 13, 2017, issued by the RoC.
- Caspian Financial has been allotted the corporate identity number U65999TG2017PLC120042.

(b) Criss Financial:

- Certificate of incorporation dated August 20, 1992, issued by the RoC.
- Certificate of commencement of business dated September 21, 1992, issued by the RoC.
- Fresh certificate of incorporation consequent upon change of name from M.G Brothers Finance Limited to Keertana Financial Limited dated December 16, 2008, issued by the RoC.

- Fresh certificate of incorporation consequent upon change of name from Keertana Financial Limited to Criss Financial dated December 13, 2010, issued by the RoC.
- Certificate of registration to carry on the business of an NBFC without accepting public deposits on January 12, 2011, issued by the RoC.
- Criss Financial has been allotted the corporate identity number U65993TG1992PLC014687.
- RBI approval dated October 5, 2018 for the proposed change in control/ management of Criss Financial, owing to acquisition of Criss Financial's equity shares by our Company.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Our Board and shareholders have approved the Offer pursuant to the resolutions dated June 14, 2018 passed at the Board meeting and at the EGM, respectively under Section 62(1)(c) of the Companies Act, 2013.

For details on the authorisation of the Selling Shareholders in relation to the Offer, see "*The Offer*" and "*Capital Structure*" on pages 65 and 75, respectively.

The Selling Shareholders, severally and not jointly, confirm that their respective proportion of the Offered Shares, have been held by them for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI or have been issued or received in accordance with Regulation 26(6) of the 2009 SEBI ICDR Regulations, and are eligible for being offered for sale in the Offer as required under Regulation 26(6) of the 2009 SEBI ICDR Regulations.

The Selling Shareholders have, severally and not jointly, confirmed that their respective proportion of Offered Shares are free from any lien, charge, and encumbrance.

Our Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated July 16, 2018 and July 24, 2018, respectively.

In terms of the Non-Banking Financial Companies (Approval of Acquisition or Transfer of Control) Directions, 2015, our Company has been granted RBI approval for change in shareholding of our Company beyond 26% of our paid-up capital pursuant to the Offer on October 15, 2018.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, natural persons in control of our Corporate Promoter (i.e. the directors of Kangchenjunga), members of the Promoter Group and our Directors have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other governmental authority. Each of the Selling Shareholders, severally and not jointly, specifically confirm that they have not been prohibited or debarred from accessing the capital markets under any order or direction passed by SEBI or any other governmental authority in India.

The companies with which our Promoters and Directors are or were associated as promoter, directors or persons in control have not been prohibited from accessing the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except for Bharat Dhirajlal Shah and Jagdish Capoor, who are also directors on the board of directors of HDFC Securities Limited; Ramachandra Kasargod Kamath, who is also a director on the board of directors of Centrum Capital Limited and an advisor/ consultant with Kedaara Capital Fund II LLP; Darius Dinshaw Pandole, who is also a director on the board of directors of JM Financial Asset Management Limited and an employee at JM Financial Limited: and Deepak Calian Vaidya, who is also a director on the board of directors of UTI Capital Private Limited (UTI Capital Private Limited is not registered with SEBI, however it is associated with the securities market as it manages UTI Emerging India Opportunities Fund / UTI structured Debt Opportunities Trust bearing registration number IN/AIF2/18-19/0576/IN/AIF2/17-18/0358 which are SEBI-registered entities), none of our Directors are associated with entities which are engaged in securities market related business and are registered with SEBI. Some of our Directors are also directors on the board of directors of certain listed companies. For details, see "*Our Management*" on page 164.

Ramachandra Kasargod Kamath is a director of Centrum Capital Limited, which is a Category I Merchant Banker registered with SEBI. SEBI initiated enquiry proceedings against Centrum Capital Limited, vide show cause notice dated August 19, 2013, for alleged violation of the provisions of Regulation 24 (1) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Subsequently, a settlement order was passed by SEBI on July 27, 2015, by way of which the enquiry proceedings were dismissed and Centrum Capital Limited made payment of settlement charges of ₹1.98 million. Further, he was the Chairman & Managing Director of Punjab National Bank and the ex-officio Non-Executive Chairman of PNB Investment Services Limited, a Category I Merchant Manker registered with SEBI, for the period November 20, 2009 to October 27, 2014.

Darius Dinshaw Pandole is an employee at JM Financial Limited. SEBI vide its order dated May 10, 2019 disposed off the show cause notice dated March 14, 2019 issued to JM Financial Institutional Securities Limited (amalgamated in JM Financial Limited) under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, read with Section 15-I of SEBI Act, in relation to alleged violation of Clause 4 and Clause 20 of the Code of Conduct for Merchant Bankers stipulated under Regulation 13 of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.

Kartikeya Dhruv Kaji is associated with Kedaara Capital Fund II LLP, Kedaara AIF 1 and Kedaara Capital Alternative Investment Fund II, which are SEBI registered entities. SEBI has not initiated any action against these entities, as on date.

Sunish Sharma is associated with Kedaara Capital Fund II LLP, Kedaara AIF 1 and Kedaara Capital Alternative Investment Fund II, which are SEBI registered entities. SEBI has not initiated any action against these entities, as on date.

Except as disclosed above, there has been no action taken by SEBI against our Directors or any of the entities in which our Directors are involved as promoter or directors.

Prohibition by RBI

Our Company, our Promoters, relatives of the Individual Promoter, our Directors and our Group Company have not been identified as a Wilful Defaulter. Each Selling Shareholder, severally and not jointly, specifically confirms that it has not been identified as Wilful Defaulters.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the eligibility criteria provided in Regulation 26(1) of the 2009 SEBI ICDR Regulations, and as calculated from the Restated Financial Statements prepared in accordance with the Companies Act and restated in accordance with the SEBI ICDR Regulations:

- our Company has net tangible assets of at least ₹30.00 million in each of the preceding three full years (of 12 months each) of which not more than 50.00% are held in monetary assets;

- our Company has a minimum average pre-tax operating profit of ₹150.00 million calculated on a restated basis, during the three most profitable years out of the immediately preceding five years;

- our Company has a net worth of at least ₹10.00 million in each of the preceding three full years (of 12 months each); and

- the aggregate of the Offer and all previous issues made in Fiscal 2019 is not expected to exceed five times the pre-Offer net worth as per our audited balance sheet for the year ended March 31, 2018.

Our Company's net worth, net tangible assets, pre-tax operating profit, monetary assets and monetary assets as a percentage of the net tangible assets derived from the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements included in this Prospectus the Fiscals ended 2019, 2018 and 2017 are set forth below:

(₹ in million, except percentage values)

Particulars	Fiscal					
	2019		2018		2017	
	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone
Net tangible assets, as restated (Note 1) - a	47,121.33	46,960.48	33,775.60	33,775.80	15,047.41	15,047.41
Monetary assets, as restated (Note 2) – b	3,601.62	3,547.99	2,168.45	2,148.16	2,924.25	2,924.25
Monetary assets, as restated as a % of net tangible assets, as restated – b/ a%	7.64	7.56	6.42	6.36	19.43	19.43
Average pre-tax operating profit of three most profitable years out of the immediately preceding five years (Average of Fiscals 2019, 2018 and 2016)(Note 3)	Consolidated			Standalone		
			3,331.36			3,317.79
Net worth (Note 4)	18,894.36	18,863.74	13,906.36	13,906.60	9,275.69	9,275.69

Figures as at March 31, 2017 are based on restated standalone summary statements as the Company was required to present consolidated financial statements for the first time in respect of Financial Year ended March 31, 2018

1. *Net tangible assets have been computed as: Sum of total assets less intangible assets*
2. *Monetary assets have been computed as: Sum of cash and cash equivalents, other bank balances and term deposits placed with non-banking financial institutions (representing margin money deposits placed to avail term loans from banks and financial institutions and deposits placed as cash collateral towards securitization transactions)*
3. *Pre-tax operating profit has been computed as: Deducting total expenses and exceptional items from total income before tax*
4. *Net worth has been computed as: Sum of the paid-up capital, the total reserves and surplus*

Fiscals 2019 and 2018 (in terms of the Restated Consolidated Financial Statement), and Fiscal 2016 (in terms of Restated Standalone Financial Statements) were the three most profitable years out of the immediately preceding five Fiscals. Restated

Consolidated Financial Statements have been considered only for Fiscal 2019 and Fiscal 2018 as our Subsidiary, Caspian Financial, was incorporated during Fiscal 2018 by our Company and Criss Financial was acquired during Fiscal 2019 by our Company.

Further, in accordance with Regulation 26(4) of the 2009 SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted will be not less than 1,000 failing which the entire application monies shall be refunded by our Company and the Selling Shareholders, forthwith. In case of delay, if any, in refund within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money at the rate of 15% per annum for the period of delay. For the avoidance of doubt, subject to applicable law, a Selling Shareholder shall not be responsible to pay interest or expenses for any delay, except to the extent such delay has been caused solely and directly attributable to an act or omission of such Selling Shareholder and to the extent of their respective portion of the Offered Shares.

Our Company is in compliance with conditions prescribed in Regulation 4 of the 2009 SEBI ICDR Regulations to the extent applicable.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO 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 GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS, BEING AXIS CAPITAL LIMITED, ICICI SECURITIES LIMITED, IIFL HOLDINGS LIMITED* AND JM FINANCIAL LIMITED AND THE BOOK RUNNING LEAD MANAGERS, BEING INDUSIND BANK LIMITED AND YES SECURITIES (INDIA) 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, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, AND EACH SELLING SHAREHOLDER WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF FOR ITS PORTION OF THE OFFERED SHARES, THE GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS, AND THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS AND BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JUNE 25, 2018 WHICH READS AS FOLLOWS:

WE, AXIS CAPITAL LIMITED, ICICI SECURITIES LIMITED, IIFL HOLDINGS LIMITED*, JM FINANCIAL LIMITED, INDUSIND BANK LIMITED AND YES SECURITIES (INDIA) LIMITED, WHO HAVE BEEN APPOINTED BY THE COMPANY AND THE SELLING SHAREHOLDERS TO MANAGE THE OFFER, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL DOCUMENTS IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE SELLING SHAREHOLDERS, WE CONFIRM THAT:**

    (A) **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**

(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT 1956 (AS AMENDED AND REPLACED BY THE COMPANIES ACT, 2013 TO THE EXTENT IN FORCE), THE COMPANIES ACT 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID. - COMPLIED WITH AND NOTED FOR COMPLIANCE.

4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE.

5. WE CERTIFY THAT WRITTEN CONSENTS FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS. – COMPLIED WITH AND NOTED FOR COMPLIANCE.

6. WE CERTIFY THAT REGULATION 33 OF THE SEBI ICDR REGULATIONS, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. – COMPLIED WITH AND NOTED FOR COMPLIANCE.

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI ICDR REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER. - NOT APPLICABLE.

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. - COMPLIED WITH.

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER, THE COMPANY AND THE SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE.

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR

PHYSICAL MODE. - <u>NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE OFFER HAVE TO BE ISSUED IN DEMATERIALISED FORM ONLY.</u>

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI ICDR REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION. – <u>COMPLIED WITH.</u>**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

    (A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

    (B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA FROM TIME TO TIME.

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI ICDR REGULATIONS WHILE MAKING THE OFFER. – <u>NOTED FOR COMPLIANCE.</u>**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC. – <u>COMPLIED WITH.</u>**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. – <u>COMPLIED WITH</u>.**

16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS, AND THE BOOK RUNNING LEAD MANAGERS (WHO ARE RESPONSIBLE FOR PRICING THE OFFER)', AS PER FORMAT SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA THROUGH CIRCULAR. – <u>COMPLIED WITH</u>.**

17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – <u>COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY, REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18, IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT RED HERRING PROSPECTUS, AS CERTIFIED BY RSVP & ASSOCIATES, CHARTERED ACCOUNTANTS PURSUANT TO THEIR CERTIFICATE DATED JUNE 25, 2018.**</u>**

18. **WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE). – <u>NOT APPLICABLE</u>.**

**Pursuant to the transfer of Merchant Banker registration, issued under the SEBI (Merchant Bankers) Regulations, 1992, from IIFL Holdings Limited as approved by SEBI vide letter dated July 12, 2019, with continuance of registration number*
***The GCBRLMs and the BRLMs certify that profits from related party transactions have arisen from legitimate business transactions to the extent of the related party transactions of the Company, reported in accordance with Accounting Standard 18 and Indian Accounting Standards 24, as applicable, in the Restated Financial Statements of the Company included in this Prospectus, as certified by Karvy & Co. Chartered Accountants, having firm registration number 001757S, pursuant to their certificate dated July 15, 2019.*

The filing of this Prospectus does not, however, absolve any person who has authorised the issue of this Prospectus from any liabilities under Section 34 or Section 36 of the Companies Act, 2013, or from the requirement of obtaining such statutory and/ or other clearances as may be required for the purpose of the Offer. SEBI further reserves the right to take up at any point of time, with the GCBRLMs and the BRLMs, any irregularities or lapses in this Prospectus.

All legal requirements pertaining to the Offer have been complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of this Prospectus with the RoC in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

Caution - Disclaimer from our Company, our Directors, the Selling Shareholders, the GCBRLMs and the BRLMs

Our Company, our Directors, the Selling Shareholders, the GCBRLMs and the BRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.spandanaindia.com, or the respective websites of our Promoters, Promoter Group or any affiliate of our Company or the Selling Shareholders would be doing so at his or her own risk.

It is clarified that the Selling Shareholders are providing information in this Prospectus only in relation to themselves and their respective portion of the Offered Shares and the Selling Shareholders and their directors, affiliates, associates and officers accept and/or undertake no responsibility or liability for any other statement or information contained in this Prospectus.

The GCBRLMs and 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, the Selling Shareholders (in respect of themselves and their respective portion of the Offered Shares) and the GCBRLMs and the BRLMs to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

None among our Company, the Selling Shareholders or any member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Bidders were required to confirm and were deemed to have represented to our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The GCBRLMs and the BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, our Promoters, Promoter Group and the Selling Shareholders, their respective directors and officers, 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 Promoters, Promoter Group and the Selling Shareholders and their respective directors, officers, agents, group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

This Offer was made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, as amended, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDA, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs, AIFs, FVCIs, and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction other than in India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Hyderabad only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus will be filed with the SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any offer or sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our

Company or the Selling Shareholders since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act, "Rule 144A") in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Prospective purchasers are hereby notified that the seller of the Equity Shares may be relying on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A.

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.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Disclaimer Clause of RBI

The Company has a valid certificate of registration dated October 16, 2004 issued by the RBI under section 45IA of the Reserve Bank of India Act, 1934. Further, the Company holds a modified certificate of registration dated April 13, 2015 as a NBFC – MFI. The RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of our Company or for the correctness of any of the statements or representation made or opinions expressed by our Company and for discharge of liability of our Company.

Disclaimer Clause of BSE

BSE Limited (**"the Exchange**") has given vide its letter dated July 16, 2018 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:-

i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

iii. 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/181 dated July 24, 2018 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which the Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Issue. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that that the offer document has been cleared or approved by NSE; nor does it any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters it management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at the Securities and Exchange Board of India, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 were delivered for registration to the RoC and a copy of this Prospectus will be delivered for registration with RoC at the office of the Registrar of Companies, Andhra Pradesh and Telangana situated at 2nd Floor, Corporate Bhawan, GSI Post, Tattiannaram Nagole, Bandlaguda, Hyderabad 500 068, Telangana, India, in compliance with Section 26 of the Companies Act, 2013.

Listing

The Equity Shares issued through this Prospectus are proposed to be listed on the BSE and the NSE. Applications shall be made to the Stock Exchanges for obtaining permission to deal in and for listing and trading of the Equity Shares. NSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, all monies received from the applicants in pursuance of this Prospectus, as required by applicable law. If such money is not repaid within the prescribed time, then our Company, and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within six Working Days from the Bid/ Offer Closing Date or within such period as may be prescribed by SEBI. Each of the Selling Shareholders, severally and not jointly, specifically confirm that it shall provide reasonable support and extend reasonable cooperation as required or necessary and requested by our Company to facilitate this process.

If our Company does not Allot Equity Shares pursuant to the Offer within six Working Days from the Bid/ Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period. For the avoidance of doubt, subject to applicable law, a Selling Shareholder shall not be responsible to pay interest or expenses for any delay, except to the extent such delay has been caused solely and directly attributable to an act or omission of such Selling Shareholder and to the extent of their respective portion of the Offered Shares.

Price information of past issues handled by the GCBRLMs

A. **Axis Capital**

1. Price information of past issues handled by Axis Capital

Sr. No.	Issue Name	Issue Size (₹) Mn.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Polycab India Limited	13,452.60	538.00^	16-Apr-19	633.00	+15.36%, [-5.35%]	+14.70%, [-1.99%]	-
2.	Chalet Hotels Limited	16,411.80	280.00	07-Feb-19	294.00	+1.14%, [-0.31%]	+24.41%, [+3.87%]	+10.77%, [-1.87%]
3.	Ircon International Limited	4,667.03	475.00*	28-Sep-18	412.00	-27.04%, [-8.24%]	-6.60%, [-1.84%]	-15.71%, [+5.06%]
4.	HDFC Asset Management Company Limited	28,003.31	1,100.00	06-Aug-18	1,726.25	+57.43%, [+1.17%]	+30.61%, [-7.32%]	+23.78%, [-4.33%]
5.	Sandhar Technologies Limited	5,124.80	332.00	02-Apr-18	346.10	+18.09%, [+5.17%]	+15.95%, [+4.92%]	-4.20%, [+7.04%]
6.	Hindustan Aeronautics Limited	41,131.33	1,215.00!	28-Mar-18	1,152.00	-6.96%, [+4.98%]	-25.84%, [+6.41%]	-25.45%, [+10.18%]
7.	Bandhan Bank Limited	44,730.19	375.00	27-Mar-18	499.00	+31.81%, [3.79%]	+42.96%, [+6.26%]	+51.89%, [+9.42%]
8.	Aster DM Healthcare Limited	9801.00	190.00	26-Feb-18	183.00	-13.66%, [-3.77%]	-4.97%, [+0.21%]	-8.16%, [+9.21%]
9.	Khadim India Limited	5,430.57	750.00	14-Nov-17	730.00	-10.40%, [+0.06%]	-6.70%, [+2.63%]	+8.77%, [+6.09%]
10.	The New India Assurance Company Limited	18,933.96	800.00$	13-Nov-17	750.00	-27.91%, [+0.15%]	-12.93%, [+2.25%]	-13.06%, [+5.69%]

Source: www.nseindia.com
** Offer Price was 465.00 per equity share to Retail Individual Bidders and Eligible Employees*
$Offer Price was ₹770.00 per equity share to Retail Individual Bidders and Eligible Employees
! Offer Price was ₹1,190.00 per equity share to Retail Individual Bidders and Eligible Employees
^Offer Price was ₹485.00 per equity share to Eligible Employees

Notes:

i. *Issue Size derived from Prospectus/final post issue reports, as available.*
ii. *The CNX NIFTY is considered as the Benchmark Index.*
iii. *Price on NSE is considered for all of the above calculations.*
iv. *In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.*
v. *Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.*

2. Summary statement of disclosure

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2019-2020*	1	13,452.60	-	-	-	-	-	1	-	-	-	-	-	-
2018-2019	4	54,206.94	-	1	-	1	-	2	-	-	2	-	-	2
2017-2018	18	492,662.22	-	1	9	1	3	4	-	2	7	4	2	3

** The information is as on the date of the document*
The information for each of the financial years is based on issues listed during such financial year.
Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

B. **ICICI Securities**

1. Price information of past issues handled by ICICI Securities

Sr. No.	Issue Name	Issue Size (₹) Mn)	Issue Price (₹)	Listing Date	Opening Price on Listing Date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	SBI Life Insurance Company Limited	83,887.29	700.00 (1)	October 3, 2017	735.00	-7.56%, [+5.89%]	-0.07%, [+5.84%]	-2.30%, [+3.57%]
2.	Newgen Software Technologies Limited	4,246.20	245.00	January 29, 2018	254.10	-0.20%, [-5.18%]	+2.51%[-3.51%]	-2.00%, [+1.33%]
3.	Galaxy Surfactants Limited	9,370.90	1,480.00	February 8, 2018	1,525.00	+1.14%, [-3.31%]	-0.85%[+1.33%]	-14.68%, [+7.66%]
4.	Aster DM Healthcare Limited	9,801.40	190.00	February 26, 2018	183.00	-13.66%, [-3.77%]	-5.39%, [+1.00%]	-8.16%, [+9.21%]
5.	Sandhar Technologies Limited	5,124.80	332.00	April 2, 2018	346.10	+19.59%[+4.96%]	+15.41%, [+4.36%]	-4.20%, [+7.04%]
6.	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	+58.04%, [+1.17%]	+29.60%, [-7.58%]	+23.78%, [-4.33%]
7.	Creditaccess Grameen Limited	11,311.88	422.00	August 23, 2018	390.00	-21.16%, [-3.80%]	-14.90%, [-8.00%]	-5.71%, [-8.13%]
8.	Aavas Financiers Ltd	16,403.17	821.00	October 8, 2018	750.00	-19.32%, [+1.76%]	+2.39%, [+4.09%]	+38.82%, [+12.74%]
9.	IndiaMart InterMesh Ltd	4,755.89	973.00(2)	July 4, 2019	1,180.00	+26.39%, [-7.95%]	NA *	NA *
10.	Affle (India) Limited	4,590.00	745	August 8, 2019	926.00	NA*	NA *	NA *

** Data not available*

(1) *Discount of ₹68 per equity share offered to Eligible Employees. All calculations are based on Issue Price of ₹700.00 per equity share.*
(2) *Discount of ₹97 per equity share offered to Eligible Employees. All calculations are based on Issue Price of ₹973.00 per equity share.*

Notes:

(1) *All data sourced from www.nseindia.com*

(2) *Benchmark index considered is NIFTY*

(3) *30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the next trading day*

2. Summary statement of disclosure

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2019-20*	2	9.345.89	-	-	-	-	1	-	-	-	-	-	-	-
2018-19	4	60,843.16	-	-	2	1	-	1	-	-	2	-	1	1
2017-18	9	208,306.61	-	-	5	1	-	3	-	-	5	1	2	1

**(1) This data covers issues upto YTD*

C. **IIFL**

1. Price information of past issues handled by IIFL

Sr. No.	Issue Name	Issue Size (₹) Mn.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Polycab India Limited	13,452.60	538.00	April 18, 2019	633.00	10.7%, [-3.2%]	16.5%, [-0.9%]	NA
2.	Credit Access Grameen Limited	11,311.88	422.00	August 23, 2018	390.00	-21.2%, [-3.7%]	-12.4%, [-8.4%]	-7.2%, [-8.4%]
3.	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	+52.9%, [+1.0%]	+30.6%, [-7.1%]	+23.8%, [-4.1%]
4.	Varroc Engineering Limited	19,549.61	967.00	July 6, 2018	1,015.00	+1.6%, [+5.7%]	-13.9%, [-1.4%]	-25.2%, [+0.4%]
5.	ICICI Securities Limited	35,148.49	520.00	April 4, 2018	435.00	-28.9%, [+3.6%]	-38.6%, [+4.4%]	-46.2%, [+7.5%]
6.	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	+4.1%, [+4.4%]	+6.9%, [-1.3%]	-5.2%, [+4.7%]
7.	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-4.2%, [+4.2%]	-11.7%, [+1.1%]	-29.3%, [+5.9%]
8.	HDFC Standard Life Insurance Company Limited	86,950.07	290.00	November 17, 2017	310.00	+31.5%, [+1.2%]	+49.0%, [+3.2%]	+71.6%, [+5.2%]

Sr. No.	Issue Name	Issue Size (₹) Mn.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
9.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 06, 2017	295.90	+1.2%, [-3.9%]	+5.9%, [+2.9%]	-4.2%, [+1.6%]
10.	Indian Energy Exchange Limited	10,007.26	1,650.00	October 23, 2017	1,500.00	-5.6%, [+1.9%]	-1.8%, [+7.4%]	-0.7%, [+4.1%]

Source: www.nseindia.com
Note: Benchmark Index taken as CNX NIFTY. Price on NSE is considered for all of the above calculations. The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 30, 90 and 180 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. % change taken against closing CNX NIFTY Index a day prior to the listing date. NA means Not Applicable.

2. Summary statement of disclosure

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2019-2020	1	13,452.60	-	-	1	NA	NA	NA	NA	NA	NA	NA	NA	1
2018-2019	4	94,015.43	-	1	1	1	-	1	-	2	1	-	-	1
2017-2018	9	1,98,722.66	-	-	3	1	2	3	-	1	3	2	1	2

Source: www.nseindia.com
Note: Data for number of IPOs trading at premium/discount taken at closing price on NSE 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
NA means Not Applicable.

D. **JM Financial**

1. Price information of past issues handled by JM Financial

Sr. No.	Issue Name	Issue Size (₹) Mn.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Metropolis Healthcare Limited	12,042.88	880.00	April 15, 2019	958.00	+3.75% [-4.01%]	+21.39% [-1.18%]	NA
2.	Chalet Hotels Limited	16,411.80	280.00	February 7, 2019	294.00	+1.14% [-0.31%]	+24.41% [+3.87%]	+10.77% [-1.87%]
3.	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	+58.04% [+1.17%]	+30.61% [-7.32%]	+23.78% [-4.33%]
4.	Fine Organic Industries Limited	6,001.69	783.00	July 2, 2018	815.00	+5.72% [+6.56%]	+35.38% [+2.56%]	+50.21% [1.90%]
5.	IndoStar Capital Finance Limited	18,440.00	572.00	May 21, 2018	600.00	-0.96% [+1.84%]	-16.28% [+9.07%]	-39.97% [+1.57%]
6.	Bandhan Bank Limited	44,730.19	375.00	March 27, 2018	499.00	+31.81% [+3.79%]	+42.96% [+6.26%]	+51.89% [+9.42%]
7.	Aster DM Healthcare Limited	9,801.00	190.00	February 26, 2018	183.00	-13.66% [-3.77%]	-4.97% [+0.21%]	-8.16% [+9.21%]
8.	Galaxy Surfactants Limited	9,370.88	1,480.00	February 8, 2018	1,525.00	+1.14% [-3.31%]	-0.85% [+1.33%]	-14.68% [+7.66%]
9.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 6, 2017	295.90	+3.61% [-3.19%]	+5.91% [+2.95%]	-4.21% [+1.59%]
10.	Prataap Snacks Limited	4,815.98	938.00(1)	October 5, 2017	1,270.00	+25.12% [+5.70%]	+31.82% [+5.60%]	+40.99% [+3.27%]

Source: www.nseindia.com for price information and prospectus/basis of allotment for issue details

Notes:

(a) *A discount of ₹90 per equity share had been offered to eligible employees.*
(b) *Opening price information as disclosed on the website of NSE.*
(c) *Change in closing price over the issue/offer price as disclosed on NSE.*
(d) *Change in closing price over the closing price as on the listing date for benchmark index viz. NIFTY 50.*
(e) *In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.*
(f) *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.*
(g) *Restricted to last 10 issues.*

2. Summary statement of disclosure

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2019-2020	1	12,042.88	-	-	-	-	-	1	-	-	-	-	-	-
2018-2019	4	68,856.80	-	-	1	1	-	2	-	1	-	1	1	1
2017-2018	10	251,600.44	-	-	4	-	3	3	-	1	5	1	1	2

**The information is as on the date of the document*

Price information of past issues handled by the BRLMs

A. **IndusInd Bank**

IndusInd Bank has not handled any initial public offerings in the last three years.

B. **YES Securities**

1. Price information of past issues handled

Sr. No.	Issue Name	Issue Size (₹ Mn)	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	Polycab India Limited	13,452.60	538.00	April 16, 2019	633.00	+15.36% [-5.35%]	-	-
2	Rail Vikas Nigam Limited	4,768.61	19.00	April 11, 2019	19.00	+19.47% [-2.74%]	-	-
3	Garden Reach Shipbuilders & Engineers Limited	3,435.89	118.00	October 10, 2018	102.50	-23.39% [+1.32%]	-19.11%; [+2.98%]	-16.74% [+11.53%]
4	Lemon Tree Hotels Limited	10,386.85	56.00	April 9, 2018	61.60	+30.18%; [+3.26%]	+29.91%; [+3.79%]	+19.46%; [-0.61%]
5	Bharat Dynamics Limited	9,609.44	428.00	March 23, 2018	370.00	-2.90%; [+5.66%]	-9.78%; [+7.43%]	-19.60%; [+12.37%]
6	Aster DM Healthcare Limited	9,801.37	190.00	February 26, 2018	183.00	-13.66%; [-3.77%]	-4.97%; [+0.21%]	-8.16%; [+9.21%]
7	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	+3.50%; [+3.00%]	+6.91%; [-1.86%]	-5.20%; [+4.13%]
8	The New India Assurance Company Limited	96,000.00	800.00	November 13, 2017	750.00	-27.91%; [+0.15%]	-12.93%; [+2.25%]	-13.06%; [+5.69%]
9	Reliance Nippon Life Asset Management	15,422.40	252.00	November 06, 2017	295.90	+3.61%; [-3.19%]	+5.91%; [+2.95%]	-4.21%; [+1.59%]

Sr. No.	Issue Name	Issue Size (₹ Mn)	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
	Company Limited							
10	Dixon Technologies (India) Limited	5,992.79	1,766	September 18, 2017	2,725.00	+50.12; [+0.80%]	+80.93%; [+1.77%]	+95.22%; [+0.41%]

Notes:

(a) Benchmark Index taken as CNX NIFTY
(b) Price on NSE is considered for the above calculations
(c) % change taken against the Issue Price in case of the Issuer. % change taken against closing CNX NIFTY Index on the day of the listing date.
(d) If either of the 30th, 90th or 180th calendar day is a trading holiday, the previous trading day has been considered for the computation.
(e) Restricted to last 10 issues

2. Summary statement of price information of past issues

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2019-2020	2	18,221.21	-	-	-	-	-	2	-	-	-	-	-	-
2018-2019	2	13,822.74	-	-	1	-	1	-	-	-	1	-	-	1
2017-2018	9	161,206.66	-	1	4	2	-	2	-	-	6	2	1	-

Notes:

Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date.

The information for the financial year is based on issue listed during such financial year.

Track record of past issues handled by the GCBRLMs and the BRLMs

For details regarding the track record of the GCBRLMs and the BRLMs, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the GCBRLMs and the BRLMs, as set forth in the table below:

S.No.	Name of the GCBRLM/ BRLM	Website
GCBRLMs		
1.	Axis Capital Limited	www.axiscapital.co.in

2.	ICICI Securities Limited	www.icicisecurities.com
3.	IIFL Securities Limited	www.iiflcap.com
4.	JM Financial Limited	www.jmfl.com
BRLMs		
1.	IndusInd Bank Limited	www.indusind.com
2.	YES Securities (India) Limited	www.yesinvest.in

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013, which is reproduced below:

"Any person who –

(a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*

(b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

(c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under section 447."

The liability prescribed under Section 447 of the Companies Act 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Consents

Consents in writing of: (a) the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, legal counsels, Bankers to our Company, the GCBRLMs and the BRLMs, independent chartered accountants, ICRA, the Registrar to the Offer have been obtained; and (b) lenders (as applicable), the Syndicate Member, the Banker(s) to the Offer/ Escrow Collection Bank(s)/ Refund Bank(s), Monitoring Agency and Sponsor Bank to act in their respective capacities have been obtained and filed along with a copy of the Red Herring Prospectus and will be filed along with this Prospectus with the RoC as required under the Companies Act, 2013 and such consents have not be withdrawn as of the date of this Prospectus.

Expert to the Offer

Our Company has received written consent dated August 8, 2019, from the Statutory Auditors namely, S.R. Batliboi & Co. LLP, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations in this Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as a Statutory Auditor and in respect of their (i) examination reports, each dated June 28, 2019 on our Restated Consolidated Financial Statements and our Restated Standalone Financial Statements; and (ii) their report dated July 16, 2019 on the statement of special tax benefits, included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹527.70 million. The expenses of this Offer include, among others, underwriting fees, brokerage and selling commission, printing and stationery expenses, fees payable to the GCBRLMs and the BRLMs, Registrar to the Offer and legal counsel, advertising and marketing expenses and listing fees. For further details, of Offer expenses, see "*Objects of the Offer – Offer Expenses*" on page 93.

All fees and expenses in relation to the Offer shall be shared between our Company and the Selling Shareholders in the proportion as mutually agreed between the Company and the Selling Shareholders, in accordance with applicable law. However, for ease of operations, expenses of the Selling Shareholders may, at the outset, be borne by our Company on behalf of the Selling Shareholders, and each Selling Shareholder agrees that it will reimburse our Company all such expenses, upon successful completion of the Offer in the proportion as mutually agreed between the Company and the Selling Shareholders, in accordance with applicable law. However, in the event that the Offer is withdrawn or not completed for any reason whatsoever, all Offer related costs and expenses will be borne by the Company.

Fees Payable to the Syndicate

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expenses) will be as per the Syndicate Agreement, a copy of which was made available for inspection at the Registered Office from 10:00 am to 4:00 pm on Working Days from the date of filing of the Red Herring Prospectus until the Bid/ Offer Closing Date.

For details of the Offer expenses, see "*Objects of the Offer*" on page 92.

Commission payable to SCSBs, Sponsor Bank, Registered Brokers, RTAs and CDPs

For details of the commission payable to SCSBs, Sponsor Bank, Registered Brokers, RTAs and CDPs see "*Objects of the Offer*" on page 92.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer will be as per the Registrar Agreement, a copy of which was made available for inspection at the Registered Office from 10:00 am to 4:00 pm on Working Days from the date of filing of the Red Herring Prospectus until the Bid/ Offer Closing Date.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment advice by registered post/ speed post/ under certificate of posting.

Grading of the Offer

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

Credit Rating

As this is an offer of Equity Shares, credit rating is not required.

Particulars regarding public or rights issues by our Company during the last five years

Our Company has not made any public or rights issues during the five years preceding the date of the Draft Red Herring Prospectus and this Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as disclosed in the "*Capital Structure*" on page 75, our Company has not issued any securities for consideration otherwise than for cash.

Commission and Brokerage paid on previous issues of the Equity Shares

Since this is the initial public issue of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Previous capital issue during the previous three years by listed the Group Company and Subsidiaries of our Company

None of our Group Company or Subsidiaries have undertaken a capital issue in the last three years preceding the date of this Prospectus.

Performance vis-à-vis objects – Public/ rights issue of our Company and/ or listed Group Company and Subsidiaries of our Company

None of our Group Company or Subsidiaries of our Company have undertaken any public or rights issue in the last ten years preceding the date of the Draft Red Herring Prospectus and this Prospectus.

Outstanding debentures or bonds or other instruments

Other than as mentioned in "*Financial Indebtedness*" and "*Financial Information*" on pages 402 and 202, respectively, our Company does not have any outstanding debentures or bonds as of the date of filing this Prospectus.

Outstanding Preference Shares

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

Partly Paid-up Shares

Our Company does not have any partly paid-up Equity Shares or Preference Shares as on the date of this Prospectus.

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 the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, subject to agreement with the Company and the Selling Shareholders for storage of such records for longer period, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should provide complete details such as name of the sole/ first Bidder, ASBA Form number, the Bidder's, DP ID, Client ID, PAN, date of the ASBA Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder and the ASBA Account number in which the amount equivalent to the Bid Amount is blocked. Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/ information mentioned hereinabove. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Company, the GCBRLMs, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs, Syndicate Member, RTA, CDPs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

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

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, the investor shall also enclose the acknowledgment from the Registered Broker in addition to the documents/ information mentioned hereinabove.

Our Company, the Selling Shareholders, the GCBRLMs, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries including any defaults in complying with their obligations under the SEBI ICDR Regulations.

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 constituted a Stakeholders' Relationship Committee comprising Abanti Mitra, Bharat Dhirajlal Shah and Kartikeya Dhruv Kaji as members, which is responsible for redressal of grievances of the security holders of our Company. For details, see "*Our Management*" on page 164.

The Selling Shareholders have 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 their Offered Shares.

Our Company has also appointed Rakesh Jhinjharia, our Company Secretary and Compliance Officer of our Company for the Offer and he may be contacted in case of any pre-Offer or post-Offer related problems at the following address:

Rakesh Jhinjharia
Plot No: 31 and 32,
Ramky Selenium Towers
Tower A, Ground Floor
Financial District, Nanakramguda
Hyderabad 500 032
Telangana, India
Tel: +91 40 4812 6666
Fax: +91 40 4438 6640
E-mail: secretarial@spandanaindia.com

Disposal of investor grievances by our listed Group Company under the same management

As of the date of the Draft Red Herring Prospectus and this Prospectus, our Group Company and the companies under the same management as that of our Company are listed on any stock exchange. Accordingly, the requirement to disclose details of investor grievances by our listed Group Company or listed companies under the same management as our Company does not apply.

Changes in Auditors

There has been no change in our statutory auditors during the last three years.

Capitalisation of Reserves or Profits

Our Company has not capitalised its reserves or profits at any time during the last five years.

Revaluation of Assets

Our Company has not revalued its assets at any time in the last five years.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, 2013, the SEBI ICDR Regulations, the SCRA, the SCRR, the Memorandum and Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus, this Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN, the Allotment Advice and other terms and conditions as may be incorporated in the other documents/ certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to applicable laws, 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 RBI, the Government of India, the Stock Exchanges, the RoC and/ or any other authorities while granting its approval for the Offer.

Offer

The Offer comprises of a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

Ranking of the Equity Shares

The Equity Shares being issued and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, 2013, the MoA and AoA, the SEBI Listing Regulations and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. 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 in accordance with applicable law. For further details, see "*Main Provisions of Articles of Association*" on page 490.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to our Shareholders in accordance with the provisions of Companies Act, 2013, the Memorandum of Association and Articles of Association, the SEBI Listing Regulations and other applicable laws and any guidelines or directives received from the GoI in this regard. All 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 Allotees in the Offer for the entire year, in accordance with applicable law. For further details, in relation to dividends, see "*Dividend Policy*" and "*Main Provisions of Articles of Association*" on pages 191 and 490, respectively.

Face Value and Offer Price

The face value of each Equity Share is ₹10 and at any given point of time there shall only be one denomination of Equity Shares.

The Offer Price is ₹856 per Equity Share. The Anchor Investor Offer Price is ₹856 per Equity Share.

The Price Band and the minimum Bid Lot size for the Offer was decided by our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs and advertised in all editions of the English national daily newspaper Financial Express, all editions of the Hindi national daily newspaper Jansatta and all editions of Telugu daily newspaper Surya, Telugu being the regional language of Telangana, where our Registered Office is located), each with wide circulation, at least two Working Days, as per 2018 SEBI ICDR Regulations, prior to the Bid/ Offer Opening Date and were 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, were required to be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

Compliance with SEBI ICDR Regulations

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable 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 or e-voting in accordance with the provisions of the Companies Act, 2013;

- Right to receive offers for rights shares and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;

- Right of free transferability of Equity Shares, 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, 2013, the terms of the SEBI Listing Regulations and the Memorandum and 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, consolidation and/ or splitting, see "*Main Provisions of Articles of Association*" on page 490.

Market Lot and Trading Lot

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. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated September 15, 2009 amongst NSDL, our Company and the Registrar to the Offer; and

- Agreement dated May 18, 2018 amongst CDSL, our Company and the Registrar to the Offer.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of 17 Equity Shares. For details, please see "*Offer Procedure*" on page 441.

Period of operation of subscription list

See the sub-section titled, "*Offer Structure – Bid/ Offer Programme*" on page 439.

Joint Holders

Subject to our AoA, where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold such Equity Shares as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/ authorities in Hyderabad.

Nomination facility to Bidders

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures), Rules, 2014, the sole Bidder, or the First Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of other persons, unless the nomination is varied or cancelled in the prescribed manner. 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, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode there, is no need to make a separate nomination with our Company. Nominations registered with 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.

Minimum Subscription

In the event our Company does not receive (i) a minimum subscription of 90% of the Fresh Issue, and (ii) a subscription in the Offer equivalent to atleast the minimum number of securities as specified under Rule 19(2)(b)(iii) of the SCRR, including through devolvement of Underwriters, as applicable, within 60 days from the Bid Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company shall be liable to pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and other applicable law. For avoidance of doubt, subject to applicable law, a Selling Shareholder shall not be responsible to pay interest or expenses for any delay, except to the extent such delay has been caused solely and directly attributable to an act or omission of such Selling Shareholder and to the extent of their respective portion of the Offered Shares.

The requirement for minimum subscription is not applicable to the Offer for Sale. Further, our Company has ensured that the number of prospective Allottees to whom the Equity Shares were Allotted was not be less than 1,000 in compliance with Regulation 26(4) of the 2009 SEBI ICDR Regulations.

Arrangements for Disposal of Odd Lots

There are no arrangements required for disposal of odd lots since the Equity Shares will be traded only in dematerialized form and the market lot for the Equity Shares will be one Equity Share.

Restrictions on Transfer and Transmission of Equity Shares

Except for the lock-in of the pre-Offer capital of our Company, lock–in of the minimum Promoter's Contribution and the Anchor Investor lock-in, as provided in "*Capital Structure*" on page 75 and except as provided in the Articles of Association there are no restrictions on transfer of Equity Shares. For details, see "*Main Provisions of Articles of Association*" on page 490.

Period of operation of subscription list

See, "*Offer Structure – Bid/ Offer Programme*" on page 439.

OFFER STRUCTURE

Initial public offer of 14,029,622 Equity Shares for cash at price of ₹856 per Equity Share (including a premium of ₹846 per Equity Share) aggregating to 12,009.36* million comprising of the Fresh Issue of 4,672,897 Equity Shares aggregating to ₹4,000.00 million by our Company and Offer of Sale of 9,356,725 Equity Shares aggregating to ₹8,009.36 million*, consisting of 5,967,097 Equity Shares aggregating to ₹5,107.84 million by the Corporate Promoter Selling Shareholder, 1,423,114 Equity Shares aggregating to ₹1,218.19 million by the Individual Promoter Selling Shareholder, 796,509 Equity Shares aggregating to ₹681.81 million by Vijaya Siva Rami Reddy Vendidandi, 783,747 Equity Shares aggregating to ₹670.89 million by Valiant, 132,831 Equity Shares aggregating to ₹113.70 million by Helion II, 129,732 Equity Shares aggregating to ₹111.05 million by Kedaara AIF 1 and 123,695 Equity Shares aggregating to ₹105.88 million by Helion. The Offer will constitute 21.82% of the post-Offer paid-up Equity Share capital of our Company.
** Subject to finalization of Basis of Allotment*

The Offer was made through the Book Building Process.

Particulars	**QIBs(1)**	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares available for Allotment/ allocation (2)	Not more than 7,014,810 Equity Shares	Not less than 2,104,444 Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than 4,910,368 Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment/ allocation	Not more than 50% of the Offer Size being available for allocation to QIBs. However, up to 5% of the Net QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to QIBs (excluding the Anchor Investor Portion)	Not less than 15% of the Offer or the Offer less allocation to QIBs and Retail Individual Bidders	Not less than 35% of the Offer or Offer less allocation to QIBs and Non-Institutional Bidders
Basis of Allotment if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) 1,402,96 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) 2,805,924 Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to 4,208,886 Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only	Proportionate	Proportionate, subject to minimum Bid Lot. For details see, "*Offer Procedure – Part B – Section 7: Allotment Procedure and Basis of Allotment – Allotment to RIBs*" on page 479
Mode of Bid	Through ASBA Process only (except in case of Anchor Investors)		
Minimum Bid	Such number of Equity Shares such that the Bid Amount exceeds ₹200,000 and in multiples of 17 Equity Shares thereafter	Such number of Equity Shares such that the Bid Amount exceeds ₹200,000 and in multiples of 17 Equity Shares thereafter	17 Equity Shares and in multiples of 17 Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of 17 Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares in multiples of 17 Equity Shares not exceeding the size of the Offer (excluding the QIB Portion), subject to applicable limited	Such number of Equity Shares in multiples of 17 Equity Shares so that the Bid Amount does not exceed ₹200,000
Mode of Allotment	Compulsorily in dematerialized form		
Bid Lot	17 Equity Shares and in multiples of 17 Equity Shares thereafter		

Particulars	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
Allotment Lot	A minimum of 17 Equity Shares and in multiples of one Equity Share thereafter		
Trading Lot	One Equity Share		
Who can apply(3) (4)	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, multilateral and bilateral development financial institutions, mutual funds registered with SEBI, FPIs other than Category III Foreign Portfolio Investors, VCFs, AIFs, FVCIs, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies and trusts, Category III Foreign Portfolio Investors registered with SEBI	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)
Terms of Payment	Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder that is specified in the ASBA Form at the time of submission of the ASBA Form (4)		

(1) *Our Company and the Selling Shareholders may, in consultation with the GCBRLMs and the BRLMs, have allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the 2009 SEBI ICDR Regulations. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price Anchor Investor Allocation Price. For details, see "Offer Structure" on page 437*

(2) *This is an Offer in terms of Rule 19(2)(b)(iii) of the SCRR and under Regulation 26(1) of the 2009 SEBI ICDR Regulations. The Offer was made through the Book Building Process wherein not more than 50% of the Offer were made available for allocation on a proportionate basis to QIBs, our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLMs, have allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion were reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above Anchor Investor Allocation Price. 5% of the Net QIB Portion were made available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion was made available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer was made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer was made available for allocation to Retail Individual Bidders in accordance with the 2009 SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.*

(3) *In case of joint Bids, the Bid cum Application Form contained 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 was required in the Bid cum Application Form and such first Bidder was deemed to have signed on behalf of the joint holders*

(4) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor Pay-in date as indicated in the CAN. For details of terms of payment applicable to Anchor Investors, see "Offer Procedure – Part B - Section 7: Allotment Procedure and Basis of Allotment" from page 479*

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.

Withdrawal of the Offer

Our Company and the Selling Shareholders, severally and not jointly, in consultation with the GCBRLMs and the BRLMs, reserve the right not to proceed with the Offer after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges simultaneously. The GCBRLMs, the BRLMs, through the Registrar to the Offer, shall instruct the SCSBs and the Sponsor Bank, as applicable, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such instruction and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLMs, withdraw the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue/ offer for sale 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 the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and within six Working Days of the Bid/Offer closing date and the final RoC approval of this Prospectus after it is filed and/ or submitted with the RoC and Stock Exchanges.

Bid/ Offer Programme

BID/ OFFER OPENED ON	Monday, August 5, 2019 (1)
BID/ OFFER CLOSED ON	Wednesday, August 7, 2019

(1) The Anchor Investor Bidding Date was on August 2, 2019, being one Working Day prior to the Bid/ Offer Opening Date, in accordance with the 2018 SEBI ICDR Regulations

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/ Offer Closing Date	Wednesday, August 7, 2019
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about Wednesday, August 14, 2019
Initiation of refunds (if any, for Anchor Investors)/ unblocking of funds in ASBA Accounts	On or about Wednesday, August 14, 2019
Credit of Equity Shares to demat accounts of Allottees	On or about Friday, August 16, 2019
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Monday, August 19, 2019

The above timetable, other than the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, is indicative in nature, and does not constitute any obligation on our Company or the Selling Shareholders or the GCBRLMs and 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 or such other period as may be prescribed by the SEBI, the timetable may change due to various factors, such as extension of the Bid/ Offer Period by our Company and the Selling Shareholders, 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. Each of the Selling Shareholders, severally and not jointly, confirm that they shall extend reasonable co-operation required by our Company, the GCBRLMs and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of their respective portions of Offered Shares at all Stock Exchanges within six Working Days from the Bid/ Offer Closing Date or such other period prescribed by the SEBI.

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 Prospectus may result in changes to the above mentioned timelines.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids were accepted only between 10.00 a.m. and 5.00 p.m. Indian Standard Time (**"IST"**) during the Bid/ Offer Period (except the Bid/ Offer Closing Date) at the Bidding Centres and the Designated Branches mentioned on the Bid cum Application Form.

On the Bid/ Offer Closing Date, the Bids and any revision in the Bids were accepted only between 10.00 a.m. and 3.00 p.m. IST and shall be uploaded until (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders after taking into account the total number of applications received up to the closure of timings and reported by the GCBRLMs and the BRLMs to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system of the Stock Exchanges or in respect of which the full Bid Amount is not blocked by the SCSBs in the relevant ASBA Account, would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/ Offer Closing Date, Bidders were advised to submit their Bids one day prior to the Bid/ Offer Closing Date and, in any case, no later than 1.00 p.m. IST on the Bid/ Offer Closing Date. Any time mentioned in this Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids were accepted only on Working Days. None among our Company, 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, (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.

In case of any discrepancy in the data entered in the electronic book vis-a-vis the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-a-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Offer shall ask for rectified data. Bidders may please note that as per letters dated July 3, 2006 and July 6, 2006, issued by the BSE and NSE respectively, Bids and any revisions in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges.

OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/ CFD/ DIL/ 12/ 2013) dated October 23, 2013 notified by the SEBI (the "**General Information Document**") included below under "**Part B – 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, the 2009 SEBI ICDR Regulations and the 2018 SEBI ICDR Regulations. The General Information Document has been updated to reflect the enactments and regulations and amendments thereof, to the extent applicable to the Offer. The General Information Document is also available on the websites of the Stock Exchanges the GCBRLMs and the BRLMs. Please refer to the relevant provisions of the General Information Document, which are applicable to the Offer.*

All Designated Intermediaries in relation to the Offer should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, in relation to clarifications on streamlining the process of public issue of equity shares and convertibles, as amended by SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, 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.

Our Company, the Selling Shareholders and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this chapter and are not liable for any amendment, modification or change in applicable laws, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Prospectus.

PART A

Book Building Procedure

The Offer was made through the Book Building Process in accordance with Regulation 26(1) of the 2009 SEBI ICDR Regulations, wherein Net Offer, of not more than 50% of the Offer was made available for allocation to QIBs on a proportionate basis, provided that our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLMs, have allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the 2009 SEBI ICDR Regulations, of which one-third was reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. 5% of the Net QIB Portion was made available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion was made available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer was made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer were made available for allocation to Retail Individual Bidders in accordance with the 2009 SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which did not have the details of the Bidders' depository account, including DP ID, Client ID, UPI ID as applicable and PAN, were treated as incomplete and were liable to 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 upto three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the 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 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 will continue for a period of three months or floating of five main board public issues, whichever is later. Under this phase, submission of the ASBA Form by a RIB to Designated Intermediaries (other than SCSBs) for blocking of funds will be discontinued. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase. This Offer was made under Phase II of the UPI Circulars.

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.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges, the GCBRLMs and the BRLMs.

Bid cum Application Form

Copies of the ASBA Form and the abridged prospectus were made available with the Designated Intermediaries at the relevant Bidding Centres and our Registered Office. An electronic copy of the ASBA Form were also made available for download on the websites of the NSE (www.nseindia.com) and the BSE (www.bseindia.com), at least one day prior to the Bid/ Offer Opening Date.

Copies of the Anchor Investor Application Form were made available at the offices of the GCBRLMs and the BRLMs.

All Bidders (other than Anchor Investors) have mandatorily participated in the Offer only through the ASBA process. Anchor Investors were not permitted to participate in the Offer through the ASBA process.

RIBs bidding using the UPI Mechanism were required to provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

ASBA Bidders were required to provide bank account details or the UPI ID, as applicable, in the relevant space provided in the ASBA Form and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that did not contain such details were liable to be rejected.

ASBA Bidders were required to ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders were required to ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount could be blocked by the SCSB at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FPIs or FVCIs, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Anchor Investors**	White

* *Other than electronic Bid cum Application Form*

** *Were made available at the GCBRLMs and the BRLMs' offices.*

The relevant Designated Intermediaries were required to upload the relevant bid details in the electronic bidding system of the Stock Exchanges. For RIBs using UPI Mechanism, the Stock Exchanges were required to share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. For ASBA Forms (other than RIBs using UPI Mechanism) Designated Intermediaries (other than SCSBs) were required to submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and were not required to submit it to any non-SCSB bank or any Escrow Collection Bank.

Who can Bid?

In addition to the category of Bidders set forth under "- *Part B - General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue*" on page 456, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- Scientific and/ or industrial research organisations authorised in India to invest in the Equity Shares; and

- Any other persons eligible to Bid in the Offer under the laws, rules, regulations, guidelines and policies applicable to them.

Participation by the Promoters, the Promoter Group, the GCBRLMs, the BRLMs, the Syndicate Member and Persons Related to the Promoters/ the Promoter Group/ the GCBRLMs and the BRLMs

The GCBRLMs, the BRLMs and the Syndicate Member shall not be allowed to purchase Equity Shares in the Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the GCBRLMs, the BRLMs and the Syndicate Member 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 GCBRLMs, the BRLMs and Syndicate Member, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

The GCBRLMs, the BRLMs and any persons related to the GCBRLMs and the BRLMs (other than mutual funds sponsored by entities which are associates of the GCBRLMs and BRLMs; insurance companies promoted by entities which are associates of the GCBRLMs and BRLMs; AIFs sponsored by the entities which are associates of the GCBRLMs and BRLMs; or FPIs other than Category III sponsored by the entities which are associates of the GCBRLMs and BRLMs), and any person related to the Promoters and the Promoter Group cannot apply in the Offer in the Anchor Investor Portion.

Our Promoters and members of our Promoter Group will not participate in the Offer except to the extent of the Offered Shares.

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 reserves the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids, provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of the Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorise their respective SCSBs 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 authorise their respective SCSBs 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 were advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis were advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

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 set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Offer Equity Share capital. Further, in terms of applicable FEMA regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company(on a fully diluted basis). In case the total holding of an FPI increases beyond 10% of the total paid-up equity capital of the Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by the Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and the Company and the investor will be required to comply with applicable reporting requirements. Such aggregate limit for FPI investment in a company can be increased up to the applicable sectoral cap by passing a board resolution, followed by a special resolution by the shareholders, subject to prior intimation to the RBI. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our

Company and subject to prior intimation to the RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

The existing individual and aggregate investment limits for FPI in our Company is 10% and 49% of the total paid-up Equity Share capital of our Company, respectively.

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.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments. Two or more subscribers of offshore derivate instruments having a common beneficial owner shall be considered together as a single subscriber of the offshore derivate instrument. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and offshore derivate instrument investments held in the underlying company.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations and circulars issued in this regard, an FPI, other than Category III Foreign Portfolio Investors and unregulated broad-based funds, which are classified as Category II Foreign Portfolio Investors by virtue of their investment manager being appropriately regulated, may issue, subscribe 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 that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only if (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) such offshore derivative instruments shall not be issued to or transferred to persons who are resident Indians or NRIs and to entities beneficially owned by resident Indians or NRIs. Further, pursuant to the Master Directions on Foreign Investment in India issued by the RBI date January 4, 2018 (updated as on March 8, 2019) the investments made by a SEBI registered FPI in a listed Indian company will be reclassified as FDI if the total shareholding of such FPI increases to more than 10% of the total paid-up equity share capital on a fully diluted basis or 10% or more of the paid up value of each series of debentures or preference shares or warrants.

An FPI is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to the following conditions:

(a) such offshore derivative instruments are transferred to persons in accordance with the SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI FVCI Regulations and the SEBI AIF Regulations prescribe, *inter-alia*, the investment restrictions applicable to the VCFs, FVCIs and AIFs registered with SEBI.

The holding by any individual VCF or FVCI registered with the SEBI in one venture capital undertaking 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 by way of subscription to initial public offerings.

The category I and category II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. 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. Our Company, the Selling Shareholders, the Global Co-ordinators and Book Running Lead Managers and the Book Running Lead Managers will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only, and net of bank charges and commission.

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 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 the 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 which our Company reserves the right to reject any Bid without assigning any reason thereof.

The investment limit for banking companies in a financial services company, not being a subsidiary, as per the Banking Regulation Act, 1949, as amended ("**Banking Regulation Act**"), and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, dated May 26, 2016, as amended, individually shall not exceed 10% of the bank's paid-up share capital and reserves as per the last audited balance sheet or a subsequent balance sheet, whichever is lower. The aggregate equity investments made 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. A banking company would require a prior approval of the RBI to make investments in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed).

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars 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 SCSB. 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 IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 ("**IRDA Investment Regulations**"), are broadly set forth below:

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer, and the amount calculated under (a), (b) and (c) below, as the case may be.

(a) *Limit for the investee company*: The lower of: (i) 10%* of the outstanding equity shares (face value); and (ii) 10% of such funds and reserves as specified under the IRDA Investment Regulations, in case of a life insurer, or 10% of the approved investments and other investments as permitted under the Insurance Act and the IRDA Investment Regulations, in case of a general insurer (including reinsurer or a health insurer), as the case may be;

(b) *Limit for the entire group of the investee company*: Not more than: (i) 15% of such funds and reserves as specified under the IRDA Investment Regulations, in case of a life insurer, or 15% of the approved investments and other investments as permitted under the Insurance Act and the IRDA Investment Regulations, in case of a general insurer (including reinsurer or a health insurer); or (ii) 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) *Limit for the industry sector to which the investee company belongs*: Not more than: (i) 15% of the such funds and reserves as specified under the IRDA Investment Regulations, in case of a life insurer, or 15% of the approved investments and other investments as permitted under the Insurance Act and the IRDA Investment Regulations, in case of a general insurer (including a re-insurer or a health insurer); or (ii) 15% of the investment asset, whichever is lower.

* *The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDA from time to time.

Bids by Provident Funds/ Pension Funds

In case of Bids made by provident funds/ pension funds with minimum corpus of ₹250 million, subject to applicable laws, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve 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, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, Government of India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹250 million (subject to applicable laws), Systemically Important NBFCs (as defined under in RBI regulations) 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, as the case may be. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders, in consultation with the GCBRLMs and 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.

In accordance with existing regulations, OCBs cannot participate in the Offer.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders, the GCBRLMs, the BRLMs and the Syndicate Member are not liable for any amendments or modification or changes in applicable laws or regulations, which may have occured after the date of the Red Herring Prospectus and which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus and this Prospectus.

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 to the relevant Designated Intermediaries 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 in the prescribed form;

4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidder's depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;

5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Center within the prescribed time;

6. If you are an ASBA Bidder, the first applicant is not the ASBA Account holder, ensure that the Bid cum Application Form is signed by the ASBA Account holder;

7. Ensure that you (other than Anchor Investors) have mentioned the correct ASBA Account number or the bank account linked UPI ID (with maximum length of 45 characters including the handle), as applicable, in the Bid Cum Application Forms;

8. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

9. Ensure that the name(s) given in the Bid cum Application Form is/ are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

10. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

11. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;

12. Ensure that you use only your own bank account linked UPI ID (only for RIBs using the UPI Mechanism) to make an application in the Offer;

13. Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised Acknowledgement Slip;

14. Except for (i) Bids on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of circular dated June 30, 2008 of SEBI, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/ specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms circular dated July 20, 2006 of the SEBI, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act. The exemption for the Central or the State Government and officials appointed by the courts, for investors who are exempt from the requirement of obtaining/ specifying their PAN for transacting in the securities market and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficial owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

15. Ensure that the Demographic Details are updated, true and correct in all respects;

16. 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;

17. Ensure that the category and the investor status is indicated;

18. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trusts, etc., relevant documents are submitted;

19. Ensure that Bids submitted by any person resident outside India should be in compliance with applicable foreign and Indian laws;

20. Bidders should note that in case the DP ID, Client ID, UPI ID (if applicable), and PAN mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, UPI ID (if applicable), and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the DP ID, Client ID, UPI ID (if applicable), and PAN available in the Depository database;

21. Ensure that you have correctly signed the authorisation/ undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable via 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 mandate raised by the Sponsor Bank for blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment;

22. Ensure that while Bidding through a Designated Intermediary, the ASBA Form 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 http:// www.sebi.gov.in);

23. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;

24. 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; and

25. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date.

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 SCSBs or SCSB 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/ revise Bid Amount to less than the Floor Price or higher than the Cap Price (including any revisions thereof);
3. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);
4. Do not pay the Bid Amount in cheques, demand drafts, by cash, money order, by 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. If you are a QIB or Non-Institutional Bidder, do not Bid at Cut-off Price;
7. Do not withdraw or lower the size of your Bid (in terms of number of Equity Shares Bid for, or Bid Amount) at any stage, if you are as QIB or a Non-Institutional Bidder;
8. Do not instruct your respective SCSBs to release the funds blocked in the ASBA Account under the ASBA process;
9. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);
10. 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 the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
11. Do not submit Bid for an amount more than funds available in your ASBA Account;
12. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
13. 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;
14. 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);
15. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs bidding through the Designated Intermediaries using the UPI Mechanism. If you are an Eligible Employee bidding under the Employee Reservation Portion, do not use the UPI Mechanism to submit a Bid.
16. If you are a RIB using the UPI Mechanism, do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs using UPI;
17. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIB Bidder using the UPI Mechanism;
18. Anchor Investors should not bid through the ASBA process;
19. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
20. Do not submit ASBA Form to any Designated Intermediary that is not authorised to collect the relevant ASBA Form or to our Company;
21. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;
22. Do not send ASBA Forms by post. Instead submit the same to only a Designated Intermediary;
23. Do not Bid on a physical ASBA Form that does not have the stamp of a Designated Intermediary;
24. Do not submit the GIR number instead of the PAN;

25. If you are RIB and are using UPI mechanism, do not submit the ASBA Form directly with SCSBs;

26. Do not submit a Bid using the UPI, if you are not a RIB;

27. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

28. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centers; and

29. If you are a RIB which is submitting the ASBA Forms with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of fund, do not use any third party bank account or third party linked bank account UPI ID.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Payment into Escrow Account for Anchor Investors

Our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs has decided the list of Anchor Investors to whom the CAN has been sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors were not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors were required to transfer the Bid Amount (through direct credit, RTGS, NACH or NEFT). For Anchor Investors, the payment instruments for payment into the Escrow Account were required to be drawn in favour of:

(a) In case of resident Anchor Investors: "Spandana Sphoorty Financial Limited- Anchor Investor – R Account"

(b) In case of Non-Resident Anchor Investors: "Spandana Sphoorty Financial Limited- Anchor Investor – NR Account"

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act 2013, our Company has, after registering the Red Herring Prospectus with the RoC, published a pre-Offer advertisement, in the form prescribed by the 2018 SEBI ICDR Regulations, in all editions of Financial Express, all editions of Jansatta and all editions of Surya (which are English, Hindi and Telugu daily newspapers, Telugu being the regional language of Telangana where the Registered Office is located), each with wide circulation. Our Company has, in the pre-Offer advertisement, stated the Bid/ Offer Opening Date, the Bid/ Offer Closing Date and the QIB Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act 2013, was in the format prescribed in Part A of Schedule X of the 2018 SEBI ICDR Regulations.

The above information is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholders the GCBRLMs and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and the RoC Filing

Our Company, the Selling Shareholders, GCBRLMs, BRLMs, Syndicate Member have entered into an Underwriting Agreement with the Underwriters and immediately after the execution of the Underwriting Agreement, the Company is filing this Prospectus with the RoC. This Prospectus contains details of the Offer Price, Anchor Investor Offer Price, Offer size and underwriting arrangements and is complete in all material respects.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013, which is reproduced below:

"*Any person who:*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(c) 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

(d) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.*"

The liability prescribed under Section 447 of the Companies Act 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Undertakings by our Company

Our Company undertakes the following:

- if our Company or the Selling Shareholders do not proceed with the Offer after the Bid/ Offer Closing Date, the reason thereof shall be given as a public notice in the newspapers to be issued by our Company within two days of the Bid/ Offer Closing Date. The public notice shall be issued in the same newspapers in which the pre-Offer advertisements were published. The Stock Exchanges shall also be informed promptly;

- if our Company and the Selling Shareholders withdraw the Offer after the Bid/ Offer Closing Date, our Company shall be required to file a fresh offer document with the RoC/ SEBI, in the event our Company and/ or any of the Selling Shareholders subsequently decide to proceed with the Offer;

- 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 are taken within six Working Days of the Bid/ Offer Closing Date or any other period as may be prescribed, will be taken;

- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

- if Allotment is not made within the prescribed time period under applicable laws, the entire subscription amount received will be refunded/ unblocked within the time prescribed under applicable laws. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act 2013, the SEBI ICDR Regulations and other applicable laws for the delayed period;

- 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;

- that details of all monies utilised out of the Fresh Issue shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which monies have been utilised. Further, 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 amounts have been invested;

- that we shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time;

- intimation of the credit of securities/ refund orders to Eligible NRIs shall be despatched within specified time;

- except for allotment of Equity Shares pursuant to exercise of options under the ESOP Scheme, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus and this Prospectus are listed or until the Bid monies are refunded/ unblocked in ASBA Account on account of non-listing, under-subscription, etc.; and

Undertakings by the Selling Shareholders

Each of the Selling Shareholders, severally and not jointly, specifically confirm and undertake the following in respect of themselves and their respective portions of the Offered Shares:

- its respective portion of the Offered Shares have been held by it for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus with SEBI, such period determined in accordance with Regulation 26(6) of the 2009 SEBI ICDR Regulations;

- it is the legal and beneficial owner of its portion of the Offered Shares, and that such Offered Shares shall be transferred in the Offer, free from liens, charges and encumbrances;

- it shall not have recourse to the proceeds from the Offer for Sale, until the final approval for trading of the Equity Shares is received from the Stock Exchanges;

- it has deposited its portion of the Offered Shares in an escrow account opened with the Share Escrow Agent prior to filing of the Red Herring Prospectus with the RoC or any other date as may be mutually agreed in terms of the Share Escrow Agreement; and

- will not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise, to any person for making a Bid in the Offer, and shall not make any payment, whether direct or indirect, whether in the nature of discounts, commission, allowance or otherwise, to any person who makes a Bid in the Offer.

Only the statements and undertakings in relation to each of the Selling Shareholders and their respective portions of the Offered Shares which are specifically "confirmed" or "undertaken" by such Selling Shareholder in this Prospectus, shall be deemed to be "statements and undertakings specifically confirmed or undertaken" by the Selling Shareholders. All other statements and/or undertakings in this Prospectus shall be statements and undertakings made by our Company even if the same relates to the Selling Shareholders.

Utilisation of Offer Proceeds

Our Company and each of the Selling Shareholders severally and not jointly, specifically confirm and declare that all monies received out of the Offer shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act 2013.

PART B

General Information Document for Investing in Public Offers

*This General Information Document highlights certain key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act,1956 ("**SCRA**"), the Securities Contracts (Regulation) Rules, 1957 ("**SCRR**") and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 for all the Draft Red Herring Prospectus filed prior to November 10, 2018 to the extent applicable and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**SEBI ICDR Regulations**"). Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read the Red Herring Prospectus/ and this Prospectus before investing in the Offer.*

*SEBI through its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 and as modified though its circular SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 has proposed to introduce 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 have been made effective along with the existing process and existing timeline of T+6 days. The same was applicable until June 30, 2019 ("**UPI Phase I**"). Thereafter, for application by RIBs through Designated Intermediaries, the existing process of physical movement of forms from Designated Intermediaries to SCSBs for blocking of funds is discontinued and RIBs submitting their Application Forms through Designated Intermediaries (other than SCSBs) can only use the UPI Mechanism with existing timeline of T+6 days, which will continue for a period of three months until September 30, 2019, or launch of five main board public issues, whichever is later ("**UPI Phase II**") As per SEBI's circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, Phase II will be effective from July 1, 2019. Subsequently, 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. This Offer will be under Phase II.*

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Offers. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, and on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the SEBI ICDR Regulations.

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in the Red Herring Prospectus ("**RHP**")/ Prospectus filed by the Issuer with the Registrar of Companies ("**RoC**"). Bidders/Applicants should carefully read the entire RHP/Prospectus, the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the BRLM(s**)** to the Offer and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may refer to the section *"Glossary and Abbreviations"*.

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

2.3 Other Eligibility Requirements

An Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the SEBI LODR Regulations, the Companies Act, 2013 (to the extent notified and in effect), the SCRR, industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above, Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Offers – Fixed Price Offers and Book Built Offers

In accordance with the provisions of the SEBI ICDR Regulations, an Issuer can either determine the Offer Price through the Book Building Process ("**Book Built Offer**") or undertake a Fixed Price Offer ("**Fixed Price Offer**").

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-offer advertisement was given at least two Working Days before the Bid/Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/Offer Opening Date, in case of an FPO and determine the Offer Price at a later date before registering the Prospectus with the Registrar of Companies.

The Floor Price or the Offer price cannot be lesser than the face value of the securities. Bidders/Applicants should refer to the RHP/Prospectus or Offer advertisements to check whether the Offer is a Book Built Offer or a Fixed Price Offer.

2.5 OFFER PERIOD

The Offer shall be kept open for a minimum of three Working Days (for all categories of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Offer Period. Details of Bid/Offer Period are also available on the website of the Stock Exchange(s).

In case of a Book Built Offer, the Issuer may close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date if disclosures to that effect are made in the RHP.

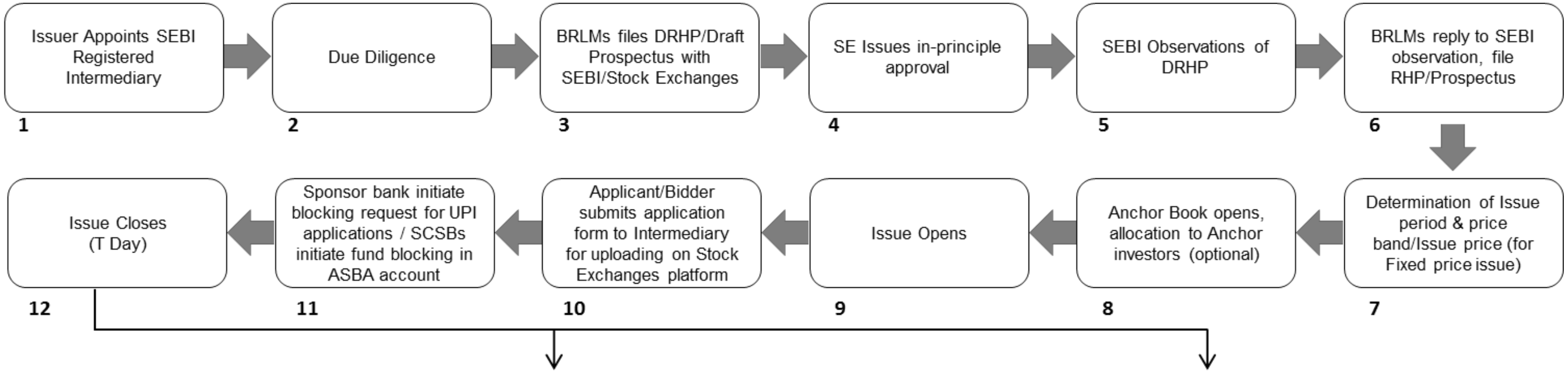
In case of revision in the Price Band in Book Built Offers, the Bid/Offer Period may be extended by at least three Working Days, subject to the total Bid/Offer Period not exceeding 10 Working Days. For details of any revision of the Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

In case of *force majeure*, banking strike or similar circumstances, the Issuer may, for reasons to be recorded in writing, extend the bidding Offer period for a minimum period of three working days, subject to the total Bid/Offer Period not exceeding 10 Working Days.

2.6 FLOWCHART OF TIMELINES

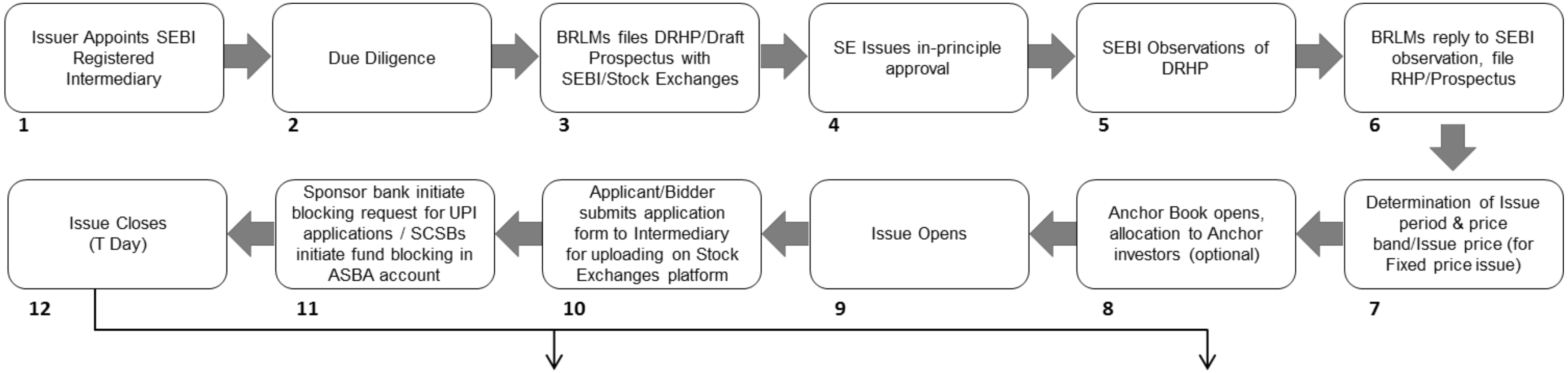
A flow chart of process flow in Fixed Price and Book Built Offers is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs.:

Flow of Timeline for Phase I



S.no	Day	Retail applications with UPI	Retail applications without UPI and QIB/NII applications
13	T+1	• Sponsor Bank to initiate request for blocking of funds to investor for any balance applications • Sponsor Bank may not accept bid details from stock exchange post T+1	• Intermediaries to forward a schedule as per requisite format and application forms to SCSBs for blocking of funds • Designated branches of SCSBs may not accept schedule and application post T+1
14	T+2	• Applicant to accept mandate request for blocking of funds prior to cut off-time of 12:00 p.m • Sponsor Bank to send Final Certificate to the registrar through stock exchange by end of the day	• SCSBs to send Final Certificate to the registrar by end of the day
15	T+2	• Registrar to reconcile the compiled data received from the stock exchanges, all SCSBs and Sponsor Bank • Registrar to undertake "Technical Rejection"	
16	T+3	• Approval of Basis of allotment by designated stock exchange • Registrar and merchant banker to issue funds transfer instructions to SCSBs and Sponsor Bank	
17	T+4	• SCSBs and Sponsor Bank to credit the funds in public issue account of the issuer • Registrar / Issuer to initiate corporate action for credit of shares to successful allottees • Issuer and registrar to file allotment details with designated stock exchange(s) • Registrar to send bank-wise data of allottees, amount due and balance amount to be unblocked to SCSBs / Sponsor Bank.	
18	T+5	• Registrar to receive confirmation of demat credit from depositories • Issuer to make a listing application to stock exchanges • Stock exchanges to issue commencement of trading notice	
19	T+6	• **Trading commences**	

Flow of Timeline for Phase II



S.no	Day	Retail applications with UPI	QIB/NII applications
13	T+1	• Sponsor Bank may not accept bid details from Stock Exchanges post 11:00 a.m • Sponsor Bank to initiate request for blocking of funds to investor for any balance applications • Applicant to accept mandate request for blocking of funds prior to cut off-time of 12:00 p.m • Sponsor Bank to send Final Certificate to the registrar through stock exchange by end of the day	• Intermediaries to forward a schedule as per requisite format and application forms to SCSBs for blocking of funds • Designated branches of SCSBs may not accept schedule and applications after T+1 day (11:00 a.m.) • SCSBs to send Final Certificate to the registrar by end of the day
14	T+2	• Registrar to reconcile the compiled data received from the stock exchanges, all SCSBs and Sponsor Bank • Registrar to undertake "Technical Rejection"	
15	T+3	• Approval of Basis of allotment by designated stock exchange • Registrar and merchant banker to issue funds transfer instructions to SCSBs and Sponsor Bank	
16	T+4	• SCSBs and Sponsor Bank to credit the funds in public issue account of the issuer • Registrar / Issuer to initiate corporate action for credit of shares to successful allottees • Issuer and registrar to file allotment details with designated stock exchange(s) • Registrar to send bank-wise data of allottees, amount due and balance amount to be unblocked to SCSBs / Sponsor Bank.	
17	T+5	• Registrar to receive confirmation of demat credit from depositories • Issuer to make a listing application to stock exchanges • Stock exchanges to issue commencement of trading notice	
18	T+6	• **Trading commences**	

SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN OFFER

Each Bidder/Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or to hold Equity Shares, in excess of certain limits or in specific sectors as specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

(a) Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);

(b) Bids/Applications belonging to an account for the benefit of a minor (under guardianship);

(c) Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;

(d) Companies, corporate bodies and societies registered under applicable law in India and authorised to hold and invest in equity shares;

(e) QIBs;

(f) NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;

(g) Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);

(h) FPIs other than Category III foreign portfolio investors Bidding under the QIBs category;

(i) FPIs which are Category III foreign portfolio investors Bidding under the NIIs category;

(j) Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;

(k) National Investment Fund set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI published in the Gazette of India;

(l) Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;

(m) Any other person eligible to Bid/Apply in the Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and

(n) As per the existing regulations, OCBs are not allowed to participate in an Offer.

SECTION 4: APPLYING IN THE OFFER

Book Built Offer: Bidders should only use the specified Bid cum Application Form bearing stamp of a Designated Intermediary as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus and advertisements in the newspaper(s). For Anchor Investors, Bid cum Application Forms shall be available at the offices of the BRLM(s).

Fixed Price Offer: Applicants should only use the specified Bid cum Application Form bearing the stamp of the Designated Intermediary as available or downloaded from the websites of the Stock Exchanges. Application Forms will also be available with the Designated Branches of the SCSBs and at the registered office of the Issuer.

For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed color of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Color of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non-repatriation basis	White
NRIs applying on a repatriation basis, FPIs on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders/Applicants Bidding/applying in the reserved category	As specified by the Issuer
Reserved Category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialized form in accordance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specific securities rematerialized subsequent to Allotment.

4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/ APPLICATION FORM

Bidders/Applicants may note that Bid cum Application Form not filled completely or correctly as per instructions provided in this GID, the RHP/Prospectus and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the

Bid cum Application Form.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

Application Form for Residents

TEAR HERE

COMMON BID CUM APPLICATION FORM

XYZ LIMITED - INITIAL PUBLIC OFFER - R

Registered Office: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx Tel: xxxxxxxxxxxxxx Fax: xxxxxxxxxxxxxxxxxxxx
Corporate Office: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx Tel: +xxxxxxxxxxxxxxxxx Fax: xxxxxxxxxxxxxxxxx
Contact Person: xxxxxxxxxxxxxxxxx Fax: xxxxxxxxxxxxxxxxx E-mail:xxxxxxxxxxxxxxxxx Website: xxxxxxxxxxxxxxxxx;
Corporate Identity Number: xxxxxxxxxxxxxxxxx

FOR RESIDENT INDIAN INVESTORS, INCLUDING RESIDENT QIBs, NON-INSTITUTIONAL BIDDERS, RETAIL INDIVIDUAL BIDDERS AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

To,
The Board of Directors
XYZ LIMITED

100% BOOK BUILT OFFER
ISIN : XXXXXXXXX

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	REGISTERED BROKER/SCSB/CDP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	**SCSB BRANCH STAMP & CODE**
BANK BRANCH SERIAL NO.	**SCSB SERIAL NO.**

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. /Ms./M/s.

Address

Email

Tel. No. (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures only) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder
☐ Non-Institutional Bidder
☐ QIB

6. INVESTOR STATUS

- ☐ Individual(s) - IND
- ☐ Hindu Undivided Family - HUF*
- ☐ Bodies Corporate - CO
- ☐ Systemically Important NBFCs
- ☐ Banks & Financial Institutions - FI
- ☐ Mutual Funds - MF
- ☐ National Investment Fund - NIF
- ☐ Insurance Companies - IC
- ☐ Insurance Funds
- ☐ Venture Capital Funds (VCF)
- ☐ Alternative Investment Fund - AIF
- ☐ Other QIBs - OTH
- ☐ Non Resident Indian - NRI (Non repatriation basis)
- ☐ All entities other than QIBs, Bodies Corporates and Individuals - NOH

HUF should apply only through Karta (Application by HUF would be treated on par with individual).

7. PAYMENT DETAILS [IN CAPITAL LETTERS]

PAYMENT OPTION : ☐ FULL PAYMENT ☐ PART PAYMENT

Amount blocked (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

OR

UPI Id (Maximum 45 characters)

I/WE (ON BEHALF OF JOINT BIDDERS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDER'S UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT BIDDERS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER

Date : ______________, 2018

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)

I/We authorise the SCSB to do all acts as are necessary to make the application in the Offer.

1)
2)
3)

SYNDICATE MEMBER / REGISTERED BROKER / SCSB / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

LOGO

XYZ LIMITED
INITIAL PUBLIC OFFER - R

Acknowledgement Slip for Syndicate Member/Registered Broker/SCSB/CDP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount blocked (₹ in figures)	ASBA Bank A/c No./UPI Id
Bank Name & Branch	

Stamp & Signature of SCSB Branch

Received from Mr./Ms./M/s.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC OFFER - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Blocked (₹)			

Stamp & Signature of Syndicate Member / Registered Broker / SCSB / CDP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No./UPI Id

Bank Name & Branch

Bid cum Application Form No.

Important Note : Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

XYZ LIMITED

TEAR HERE

Application Form for Non-Residents

TEAR HERE

COMMON BID CUM APPLICATION FORM

XYZ LIMITED - INITIAL PUBLIC OFFER - NR

Registered Office: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx Tel: xxxxxxxxxxxxx Fax: xxxxxxxxxxxxxxxxxxx
Corporate Office: xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx Tel: +xxxxxxxxxxxxxxxx Fax: xxxxxxxxxxxxxxxx
Contact Person: xxxxxxxxxxxxxxxx Fax: xxxxxxxxxxxxxxxx E-mail:xxxxxxxxxxxxxxxx Website: xxxxxxxxxxxxxxxx;
Corporate Identity Number: xxxxxxxxxxxxxxxx

FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIs, FVCIs, FPIs AND REGISTERED BILATERAL AND MULTI LATERAL DEVELOPMENT FINANCIAL INSTITUTIONS APPLYING ON A REPATRIATION BASIS

LOGO

To,
The Board of Directors
XYZ LIMITED

100% BOOK BUILT OFFER
ISIN : XXXXXXXXX

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	REGISTERED BROKER/SCSB/CDP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	**SCSB BRANCH STAMP & CODE**
BANK BRANCH SERIAL NO.	**SCSB SERIAL NO.**

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. /Ms./M/s.

Address

Email

Tel. No. (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures only)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder
☐ Non-Institutional Bidder
☐ QIB

6. INVESTOR STATUS

- NRI — Non-Resident Indian(s) (Repatriation basis)
- FVCI — Foreign Venture Capital Investor
- FPI — Foreign Portfolio Investor
- RBMI — Registered Bilateral and Multi Lateral Development Financial Institutions
- OTH — Others (Please Specify) ____________

7. PAYMENT DETAILS [IN CAPITAL LETTERS]

PAYMENT OPTION : ■ FULL PAYMENT ■ PART PAYMENT

Amount blocked (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

OR

UPI (Maximum 45 characters)

I/WE (ON BEHALF OF JOINT BIDDERS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES **("GID")** AND HEREBY AGREE AND CONFIRM THE 'BIDDER'S UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT BIDDERS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER

Date : ______________, 2018

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)

I/We authorise the SCSB to do all acts as are necessary to make the application in the Offer.

1)
2)
3)

SYNDICATE MEMBER / REGISTERED BROKER / SCSB / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

LOGO

XYZ LIMITED
INITIAL PUBLIC OFFER - NR

Acknowledgement Slip for Syndicate Member/Registered Broker/SCSB/CDP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount blocked (₹ in figures) | ASBA Bank A/c No./UPI

Bank Name & Branch

Stamp & Signature of SCSB Branch

Received from Mr./Ms./M/s.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC OFFER - NR

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Blocked (₹)			

Stamp & Signature of Syndicate Member / Registered Broker / SCSB / CDP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No./UPI

Bank Name & Branch

Bid cum Application Form No.

Important Note : Application made using third party UPI Or ASBA Bank A/c are liable to be rejected.

XYZ LIMITED

Specific instructions for filling various fields of the Resident Bid cum Application Form and Non- Resident Bid cum Application Form and samples are provided below.

4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields**: Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications including letters notifying the unblocking of the bank accounts of Bidders (other than Anchor Investors) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, Designated Intermediaries and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.

(c) **Joint Bids/Applications**: In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders. All communications may be addressed to such first Bidder/Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(d) **Impersonation**: Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who:*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

***(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.*"**

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. For Allotment of the Equity Shares in dematerialized form, there will be no separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT

(a) PAN (of the sole/ first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of PAN Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficial owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms/Application Forms which provide the General Index Register Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, otherwise, the Bid cum Application Form/Application Form is liable to be rejected.

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of the PAN, DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for any correspondence(s) related to the Offer.

(d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 **FIELD NUMBER 4: BID OPTIONS**

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus /RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation at the place where the Issuer's registered office is situated, at least two Working Days before Bid/Offer Opening Date in case of an IPO, and at least one Working Day before Bid/Offer Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details Bidders may refer to (Section 5.6 (e))

(c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders in the Shareholder Reservation Portion (if any) can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs are liable to be rejected.

(d) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹15,000. The minimum Bid Lot is accordingly determined by an Issuer on the basis of such minimum application value.

(e) **Allotment:** The Allotment of specified securities to each RIB shall not be less than the minimum Bid Lot, subject to availability of shares in the Retail Category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the minimum Bid Lot, Bidders may refer to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 **Maximum and Minimum Bid Size**

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid

Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000.

In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount, then, such Bid may be rejected if it is at the Cut-off Price.

The maximum bid Amount under the Employee Reservation Portion by an Eligible Employee could not exceed ₹ 500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion could not exceed ₹ 200,000. Only in the event of an under-subscription in the Employee Reservation Portion post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000.

(b) For NRIs, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. NIIs and QIBs are not allowed to Bid at 'Cut- off Price'.

(d) RIBs may revise or withdraw their bids until the Bid/Offer Closing Date. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and all categories of investors are required to pay the Bid Amount upon submission of the Bid.

(e) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the NIIs who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Allocation Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.

(g) A Bid by QIB bidder cannot be submitted for more than the Offer size.

(h) A Bid by NII bidder cannot be submitted for more than the Offer size excluding QIB portion. (i) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(j) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e)).

4.1.4.2 **Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidders shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:

   i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

   ii. For Bids from Mutual Funds, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders/Applicants, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

   i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as Bids made by them in the Net Offer portion in the public category.

   ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

   iii. Bids by Mutual Funds submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

   iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 **FIELD NUMBER 5 : CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and allotment in the Offer are RIBs, NIIs and QIBs.

(b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on the reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 **FIELD NUMBER 6: BIDDER STATUS**

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

(a) Bidders are required to enter either the ASBA Bank account details or the UPI ID in this field.

In case the Bidder doesn't provide any of the ASBA Bank account details or the UPI ID then the application would be rejected. For application submitted to Designated Intermediaries by RIBs (other than SCSBs), RIBs providing both the ASBA Bank account details as well as the UPI ID, the UPI ID will be considered for processing of the application. NRIs applying in the Offer through the UPI mechanism are advised to enquire with the relevant Bank, whether their account is UPI linked, prior to making such application through Channel III.

(b) The full Bid Amount (net of any Discount, as applicable) shall be blocked based on the authorization provided in the Bid cum Application Form. If the Discount is applicable in the Offer, the RIBs and Retail Individual Shareholders and Employees Bidding in the Employee Reservation Portion (if any) should indicate the full Bid Amount in the Bid cum Application Form and the payment shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three bid options at net price, i.e. Bid price less Discount offered, if any.

(c) RIBs bidding at Cut-off price, the amount shall be blocked based on the Cap Price.

(d) All QIB and NII Bidders (other than Anchor Investors) can participate in the Offer only through the ASBA mechanism.

(e) RIBs submitting their applications through Designated Intermediaries (other than SCSBs) can participate in the Offer only through the UPI Mechanism, through their UPI ID linked with their bank account. NRIs applying in the Offer thorugh the UPI mechanism are advised to enquire with the relevant Bank, whether their account is UPI linked, prior to making such application through Channel III.

(f) Bid Amount cannot be paid in cash, cheque, demand draft, through money order or through postal order.

4.1.7.1. **Instructions for Anchor Investors:**

(a) Anchor Investors shall submit their Bids only with any of the BRLMs to the Offer.

(b) Payments should be made either by direct credit, RTGS, NACH or NEFT.

(c) The Anchor Escrow Bank(s) shall maintain the monies in the Anchor Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2. **Payment instructions for Bidders (other than Anchor Investors)**

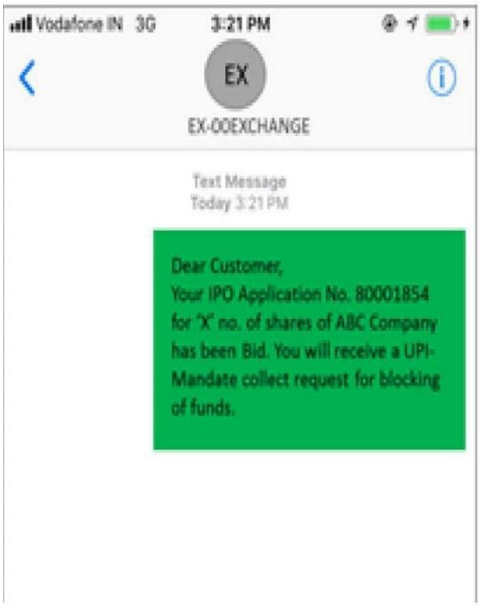
(a) **RIBs bidding through Designated Intermediaries** should note that with the introduction of UPI as a payment mechanism, there are three channels of making applications in public issues available to them in Phase II (i.e. from July 1, 2019 for a period of three months until September 30, 2019, or floating of five main board public issues, whichever is later), as per the SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019 and and (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019. The three channels for making applications in public issues available to RIBs bidding through Designated Intermediaries are as follows:

Channel I	Channel II	Channel IV
RIBs may submit the Bid cum Application Form with ASBA as the sole mechanism for making payment either physically (at the branch of the SCSB) or online. For such applications the existing process of uploading the bid and blocking of funds in the RIBs' account by the SCSB would continue.	RIBs may submit the Bid cum Application Form online using the facility of linked online trading, demat and bank account (3-in-1 type accounts) provided by Registered Brokers.	RIBs may submit the Bid cum Application Form with any of the Designated Intermediaries, other than SCSBs, and use his/her UPI ID for the purpose of blocking of funds.

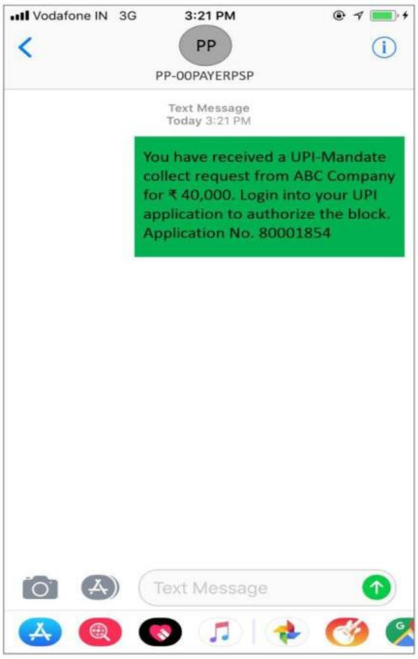
NRIs applying in the Offer through the UPI mechanism are advised to enquire with the relevant Bank, whether their account is UPI linked, prior to making such application through Channel III. For Phase II and Phase III, RIBs will also have the option to use only the same channels (as described above) for making applications in a public issue.

Please see below a graphical illustrative process of the investor receiving and approving the UPI Mandate Request:

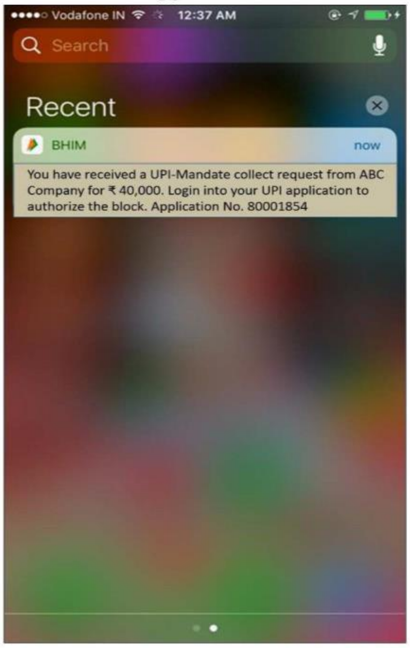
Illustrative SMS



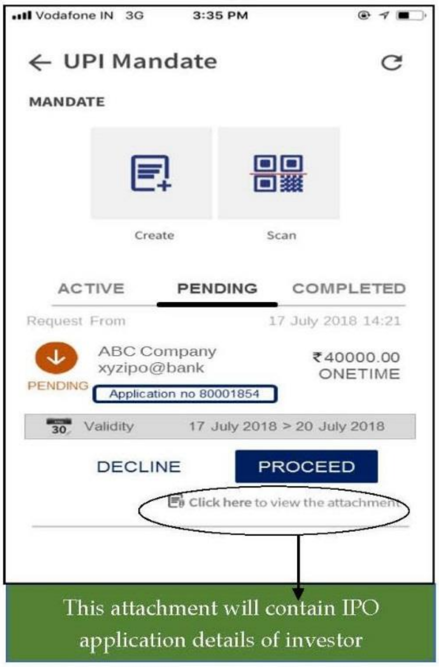
Block request SMS to investor



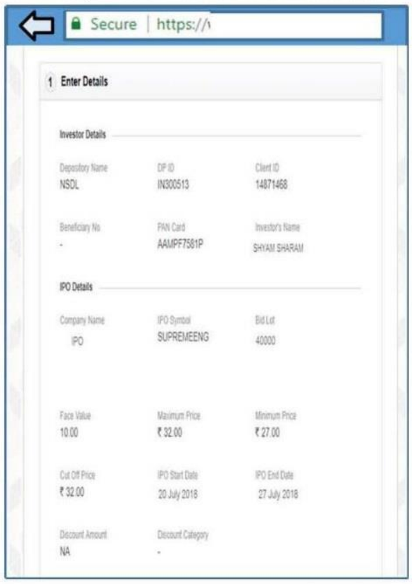
Block request intimation through UPI application



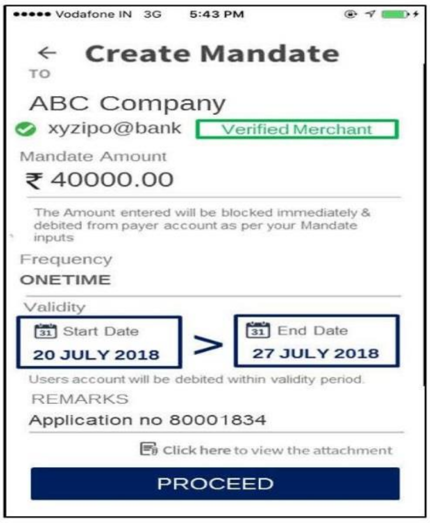
1. Investor UPI application screen



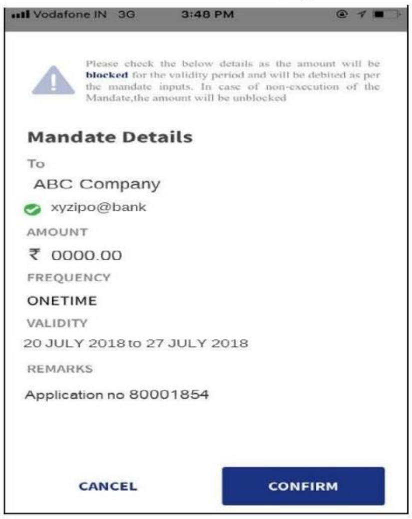
2. Sample of IPO details in attachment



3. Post verification of details above



4. Pre-confirmation page



(b) QIB and NII Bidders may submit the Bid cum Application Form either

(i) to SCSBs in physical or electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

(ii) in physical mode to any Designated Intermediary.

(c) Bidders must specify the Bank Account number, or the UPI ID (for RIBs bidding using the UPI Mechanism), as applicable, in the Bid cum Application Form. The Bid cum Application Form submitted by a Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account, may not be accepted.

(d) Bidders should note that application made using third party UPI ID or ASBA Bank account are liable to be rejected.

(e) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the ASBA Account (other than RIBs bidding through non-UPI Mechanism).

(f) Bidders should submit the Bid cum Application Form only at the Bidding Centers, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated CRTA Locations or CDP at the Designated CDP Locations. RIBs bidding through the non-UPI mechanism should either submit the physical Bid cum Application Form with the SCSBs or Designated Branches of SCSBs under Channel I or submit the Bid cum Application Form online using the facility of 3-in-1 type accounts under Channel II.

(g) **Bidders (other than RIBs bidding through non-UPI Mechanism) bidding through Designated Intermediaries** other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit ASBA Forms.

(h) **Bidders bidding directly through the SCSBs** should ensure that the Bid cum Application

Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designted Branch of the SCSB may not accept such Bids and such bids are liable to be rejected upon submission of a completed Bid cum Application Form each Bidder (not being a RIB who has opted for the UPI payment mechanism and provided a UPI ID with the Bid cum Application Form) may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs. For details regarding blocking of Bid Amount for RIBs who have provided a UPI ID with the Application Form please refer to paragraph 4.1.7.4.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

(o) NRIs applying in the Offer through the UPI mechanism are advised to enquire with the relevant Bank, whether their account is UPI linked, prior to making such application through Channel III.

4.1.7.3 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB or the Sponsor Bank, as the case may be, along with instructions to unblock the relevant ASBA Accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant ASBA Account to the Public Offer Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, (iv) the amount to be unblocked, if any, in case of partial allotments and (v) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs or the Sponsor Bank, as the case may be, to unblock the respective ASBA Accounts.

(b) On the basis of instructions from the Registrar to the Offer, the SCSBs or the Sponsor Bank, as the case may be, may transfer the requisite amount against each successful Bidder to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB or to the Sponsor Bank to revoke the mandate and, as the case may be, to unblock the Bid Amount in the relevant account within four Working Days of the Bid/Offer Closing Date.

4.1.7.4 **Additional Payment Instructions for RIBs bidding through Designated Intermediaries (other thn SCSBs) using the UPI Mechanism**

(a) Before submission of the application form with the Designated Intermediary, an RIB shall download the mobile application, associated with the UPI ID linked bank account, for UPI and create a UPI ID (xyz@bankname) of not more than 45 characters with its bank and link it to his/ her bank account where the funds equivalent to the application amount is available.

(b) RIBs shall ensure that the bank, with which it has its bank account, where the funds equivalent to the application amount is available for blocking has been notified as Issuer Banks for UPI. A list of such banks is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40.

(c) RIBs shall mention his / her UPI ID along with the bid details in the Bid cum Application Form in capital letters and submit the Bid cum Application Form to any of the Designated Intermediaries, other than SCSBs). It is clarified that if an RIB submits a third party UPI ID instead of his/her own UPI ID in the Bid cum Application Form, the application is liable to be rejected.

(d) The Designated Intermediary (other than SCSBs) upon receipt of the Bid cum Application Form will upload the bid details along with UPI ID in the stock exchange bidding platform.

(e) Once the bid has been entered into the Stock Exchange bidding platform, the stock exchange will validate the PAN and Demat Account details of the RIB with the Depository. The Depository will validate the aforesaid details on a real time basis and send a response to the stock exchange which will be shared by the stock exchange with the respective Designated Intermediary through its bidding platform, for corrections, if any.

(f) Once the bid details have been validated by the Depository, the stock exchange will, on a continuous basis, electronically share the bid details along with the UPI ID of the concerned RIB with the Sponsor Bank appointed by the Issuer.

(g) The Sponsor Bank will validate the UPI ID of the RIB before initiating the Mandate request.

(h) The Sponsor Bank after validating the UPI ID will initiate a UPI Mandate Request for valid UPI ID on the RIB which will be electronically received by the RIB as an SMS / intimation on his / her mobile number / mobile application associated with the UPI ID linked account. The RIB shall ensure that the details of the Bid are correct by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, 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 mentioned in the Bid Cum Application Form and subsequent debit in case of allotment.

(i) Upon successful validation of the block request by the RIB, the said information would be electronically received by the RIB's bank, where the funds, equivalent to the application amount would get blocked in the ASBA Account of the RIB. Intimation regarding confirmation of such blocking of funds in the ASBA Account of the RIB would also be received by the RIB. Information on the block status request would be shared with the Sponsor Bank which in turn would share it with the stock exchange which in turn would share it with the Registrar in the form of a file for the purpose of reconciliation and display it on the stock exchange bidding platform for the information of the Designated Intermediary.

(j) RIBs may continue to modify or withdraw the Bid till the closure of the Bidding Period. For each modification of the Bid, the RIB will submit a revised Bid and will receive a new UPI Mandate Request from the Sponsor Bank to be validated as per the process indicated above.

(k) RIBs to check the correctness of the details on the mandate received before approving the Mandate Request.

(l) Post closure of the Offer, the stock exchange will share the Bid details with the Registrar along with the final file received from the Sponsor Bank containing status of blocked funds or otherwise, along with the ASBA Account details with respect to applications made by RIBs using UPI ID.

4.1.7.5 **Discount (if applicable)**

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under Retail Category, Retail Individual Shareholder and Employees under Employee Reservation Portion are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Offer may block their ASBA Account for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder (other than employees) may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non- Institutional Category. These applications are neither eligible for Discount nor fall under Retail Category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) The signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB or using the UPI to the Sponsor Bank, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

(c) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

(a) Bidders should ensure that they receive the Acknowledgment slip or the acknowledgement number duly signed and stamped by a Designated Intermediary, as applicable, for submission of the Bid cum Application Form.

(b) All communications in connection with Bids/Applications made in the Offer should be addressed as under:

i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of Allotted Equity Shares, unblocking of funds, the Bidders/Applicants should contact the Registrar to the Offer.

ii. In case of Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.

iii. In case of queries relating to uploading of Syndicate ASBA Bids, the Bidders/Applicants should contact the relevant Syndicate Member.

iv. In case of queries relating to uploading of Bids by a Designated Intermediary, the Bidders/Applicants should contact the relevant Designated Intermediary.

v. In case of queries relating to uploading of Bids through the UPI Mechanism, the Bidders/Applicants should contact the Designated Intermediary.

vi. Bidder/Applicant may contact the Company Secretary and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Offer.

(c) The following details (as applicable) should be quoted while making any queries –

i. full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.

ii. name and address of the Designated Intermediary, where the Bid was submitted along with the acknowledgment slip from Designated Intermediary or

iii. Bids, ASBA Account number or the UPI ID (for RIBs who make the payment of Bid Amount through the UPI Mechanism) linked to the ASBA Account where the Bid Amount was blocked

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

(a) During the Bid/Offer Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RIB may revise their Bids or withdraw their bids until Bid/Offer Closing date.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/ Offer Period.

However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original

Bid. It is clarified that RIBs whose original Bid is made using the UPI Mechanism, can make revision(s) to their Bid using the UPI Mechanism only, whereby each time the Sponsor Bank will initiate a new UPI Mandate Request. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

COMMON BID REVISION FORM

XYZ LIMITED - INITIAL PUBLIC OFFER - R

Registered Office: xxxxxxxxxxxxxxxxxxxxxxxxxxxx Tel: xxxxxxxxxxxxxx Fax: xxxxxxxxxxxxxxxxxx
Corporate Office: xxxxxxxxxxxxxxxxxxxxxxxxxxxx Tel: +xxxxxxxxxxxxxxxx Fax: xxxxxxxxxxxxxxxxxx
Contact Person: xxxxxxxxxxxxxxxxx Fax: xxxxxxxxxxxxxxxxx E-mail: xxxxxxxxxxxxxxxxxx Website: xxxxxxxxxxxxxxxxxx
Corporate Identity Number: xxxxxxxxxxxxxxxxx

FOR RESIDENT INDIAN INVESTORS, INCLUDING RESIDENT QIBS, NON-INSTITUTIONAL BIDDERS, RETAIL INDIVIDUAL BIDDERS AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

To,
The Board of Directors
XYZ LIMITED

100% BOOK BUILT OFFER
ISIN : XXXXXXXXX

Bid cum Application Form No.

TEAR HERE

SYNDICATE MEMBER'S STAMP & CODE	REGISTERED BROKER / SCSB / CDP / RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	SCSB BRANCH STAMP & CODE
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. /Ms./M/s.

Address

Email

Tel. No. (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					
(OR) Option 2					
(OR) Option 3					

Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures Only)

OLD BID

5. TO (REVISED BID) (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					
(OR) Option 2					
(OR) Option 3					

Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures Only)

REVISED BID

6. PAYMENT DETAILS [IN CAPITAL LETTERS] PAYMENT OPTION : FULL PAYMENT PART PAYMENT

Additional Amount Blocked (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

OR

UPI Id (Maximum 45 characters)

I/WE (ON BEHALF OF JOINT BIDDERS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT BIDDERS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE/ FIRST BIDDER

Date : _______________, 2018

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)

I/We authorise the SCSB to do all acts as are necessary to make the application in the Offer.

1)
2)
3)

SYNDICATE MEMBER / REGISTERED BROKER / SCSB / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

LOGO

XYZ LIMITED

BID REVISION FORM - INITIAL PUBLIC OFFER - R

Acknowledgement Slip for Syndicate Member/ Registered Broker/SCSB/CDP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Additional Amount Blocked (₹)

ASBA Bank A/c No./UPI Id

Bank Name & Branch

Stamp & Signature of SCSB Branch

REVISED BID

Received from Mr./Ms./M/s.

Telephone / Mobile

Email

TEAR HERE

XYZ LIMITED- BID REVISION FORM - INITIAL PUBLIC OFFER - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Additional Amount Blocked (₹)			

REVISED BID

Stamp & Signature of Syndicate Member / Registered Broker / SCSB / CDP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No./UPI Id

Bank Name & Branch

Bid cum Application Form No.

Important Note : Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

XYZ LIMITED

TEAR HERE

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT

Bidders/ Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIBs and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut- off Price. The Cut-off Price option is given only to the RIBs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.

(d) In case of revision of Bids by Employees, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 500,000.

(e) If, however, the RIB 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 RIB and the RIB is deemed to have approved such revised Bid at Cut- off Price.

(f) In case of a downward revision in the Price Band, RIBs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding will be unblocked.

4.2.3 FIELD 6: PAYMENT DETAILS

(a) All Bidders/Applicants are required to authorize blocking of the full Bid Amount (less Discount (if applicable) at the time of submitting the Bid Revision Form. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(b) Bidder/Applicant may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(c) In case of a downward revision in the Price Band, RIBs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked.

4.2.4 FIELD 7: SIGNATURES AND ACKNOWLEDGEMENTS

Bidders/ Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE OFFER)

4.3.1 FIELDS 1, 2, 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT

(a) The Issuer may mention Price or Price Band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the Book Running Lead Manager to the Offer (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIBs and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount less Discount (as applicable), payable does not exceed ₹ 200,000.

(d) Applications by Employees must be for such number of shares that the application amount payable less Discount (as applicable), does not exceed ₹ 500,000.

(e) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(f) An application cannot be submitted for more than the Offer size.

(g) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(h) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(i) For details regarding the procedures to be followed by the Registrar to detect multiple applications, Applicants should refer to paragraphs 4.1.4.2(b) and 4.1.4.2(c).

4.3.3 **FIELD NUMBER 5: CATEGORY OF APPLICANTS**

(a) The categories of applicants identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Offer are RIBs, individual applicants other than RIB's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of applicants in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 **FIELD 7: PAYMENT DETAILS**

(a) Bidders are required to enter either the ASBA Bank account details or the UPI ID in this field.

In case the Bidder does not provide any of the ASBA Bank account details or the UPI ID then the application would be rejected. For application submitted to Designated Intermediaries (other than SCSBs), Bidder providing both the ASBA Bank account details as well as the UPI ID, the UPI ID will be considered for processing of the application.

(b) All Applicants (other than Anchor Investors) are required to make use of ASBA for applying in the Offer.

(c) RIBs applying through Designated Intermediaries may make use of the UPI Mechanism for applying in the Offer.

(d) If RIBs are applying in the Offer through non-UPI mechanism, then it shall either submit physical Bid cum Application Form with the SCSBs or the Designated Branches of the SCSBs under Channel I or submit the Bid cum Application Form online using the facility of 3-in1 type accounts under Channel II.

(e) Application Amount cannot be paid in cash, cheques or demand drafts through money order or through postal order or through stock invest.

4.3.11.1 **Payment instructions for Applicants**

Applicants should refer to instructions contained in paragraph 4.1.7.2.

4.3.11.2 **Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraph 4.1.7.3.

4.3.11.3 **Additional Payment Instructions for RIBs bidding through Designated Intermediaries using the UPI Mechanism**

Applicants should refer to instructions contained in paragraph 4.1.7.4.

4.3.11.4 **Discount (if applicable)**

Applicants should refer to instructions contained in paragraph 4.1.7.5.

4.3.12 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM

4.4.11 **Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Anchor Investors Application Form	To one of the Book Running Lead Managers at the Specified Locations mentioned in the Bid cum Application Form
Applications from QIBs and NIIs	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the CRTAs at the Designated RTA Locations or the CDPs at the Designated CDP Locations; and (b) To the Designated Branches of the SCSBs where the ASBA Account is maintained
Applications from RIBs applying through UPI mechanism	To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the CRTAs at the Designated RTA Locations or the CDPs at the Designated CDP Locations; and
Applications from RIBs applying through non-UPI mechanism	. To the Designated Branches of the SCSBs where the ASBA Account is maintained . To the Brokers providing the facility of linked online trading, demat and bank account (3-in-1 type accounts) online

(a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had submitted the original Bid.

(b) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Co mpanies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(c) Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid-cum- Application Form will be considered as the application form.

SECTION 5: OFFER PROCEDURE IN BOOK BUILT OFFER

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XIII of 2018 SEBI ICDR Regulations. The Offer Price is finalised after the Bid/Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

(a) During the Bid/Offer Period, ASBA Bidders/Applicants may approach any of the Designated Intermediary to register and submit their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach one of the BRLM on the Anchor Investor Bidding Date to register and submit their Bid.

(b) In case of Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs or the Sponsor Bank, as applicable, to block Bid Amount based on the Cap Price less discount (if applicable).

(c) For details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Designated Intermediary may register the Bids using the on-line facility 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, as disclosed in the Red Herring Prospectus.

(c) Only Bids that are uploaded on the Stock Exchanges Platform would be considered for allocation/ Allotment. In Phase II, the Designated Intermediaries are given time till 1:00 pm on the day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Offer Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Offer Period.

5.4 WITHDRAWAL OF BIDS

(a) RIBs can withdraw their Bids until Bid/Offer Closing Date. In case a RIB wishes to withdraw the Bid during the Bid/ Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary, who shall do the requisite, including unblocking of the funds in the ASBA Account.

(b) The Registrar to the Offer shall give instruction to the SCSB or the Sponsor Bank, as applicable, for unblocking the ASBA Account upon or after the finalization of basis of Allotment. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to

i. the Bids accepted by the Designated Intermediary;

ii. the Bids (including the UPI ID, as applicable) uploaded by the Designated Intermediary; and

iii. the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.

(b) The BRLMs and their affiliate Syndicate Member, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs or the Sponsor Banks, as applicable, shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA Account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) Book

Running Lead Managers and their affiliate Syndicate Member (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All bids by QIBs, NIIs & RIBs Bids can be rejected on technical grounds listed herein.

5.5.1 **GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, *inter-alia*, on the following grounds, which have been detailed at various places in this GID:-

(a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Bids/Applications of Bidders (other than Anchor Investors) accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Bidders' ASBA Account;

(c) Bids/Applications by OCBs;

(d) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(e) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;

(f) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(g) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(h) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;

(i) ASBA Account number or UPI ID not mentioned or incorrectly mentioned in the Bid cum Application Form/Application Form;

(j) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(k) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(l) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(m) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;

(n) Bids/Applications at Cut-off Price by NIIs and QIBs;

(o) The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

(p) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(q) Submission of Bid cum Application Forms/Application Form using third party UPI ID or ASBA Bank Account;

(r) Submission of more than one Bid cum Application Form per UPI ID by RIBs bidding through Designated Intermediaries, other than SCSBs (except for RIBs applying as Retail Individual Shareholders also);

(s) Bids/Applications for number of Equity Shares which are not in multiples of Equity Shares as specified in the RHP;

(t) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(u) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Offer Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

(v) Bank account mentioned in the Bid cum Application Form (for Bidders applying through the non-UPI Mechanism) may not be an account maintained by SCSB. Inadequate funds in the ASBA Account to block the Bid/Application Amount specified in the Bid cum Application Form/ Application Form at the time of blocking such Bid/Application Amount in the ASBA Account;

(w) In case of Bids by RIBs (applying through the UPI Mechanism), the UPI ID mentioned in the Bid cum Application Form is linked to a third party bank account;

(x) In case of Bids by RIBs (applying through the UPI Mechanism), the UPI ID is not mentioned in the Bid cum Application Form;

(y) In case of Anchor Investors, Bids/Applications where sufficient funds are not available in Escrow Accounts as per final certificate from the Anchor Escrow Bank;

(z) Where no confirmation is received from SCSB or the Sponsor Bank, as applicable, for blocking of funds;

(aa) Bids/Applications by QIB and NII Bidders (other than Anchor Investors) not submitted through ASBA process;

(bb) Bid cum Application Form submitted to Designated Intermediaries at locations other than the Bidding Centers or to the Anchor Escrow Bank (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Offer;

(cc) Bids/Applications not uploaded on the terminals of the Stock Exchanges;

(dd) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form;

(ee) The UPI Mandate is not approved by Retail Individual Investor; and

(ff) The original Bid/Application is made using the UPI Mechanism and revision(s) to the Bid/Application is made using ASBA either physically or online through the SCSB, and *vice- versa*.

(gg) Bidders are required to enter either the ASBA Bank account details or the UPI ID in the Bid cum Application Form. In case the Bidder doesn't provide any of the ASBA Bank account details or the UPI ID then the application would be rejected. **For application submitted to Designated Intermediaries (other than SCSBs), Bidder providing both the ASBA Bank account details as well as the UPI ID, the UPI ID will be considered for processing of the application.**

(hh) RIBs shall ensure that the bank, with which it has its bank account, where the funds equivalent to the application amount is available for blocking has been notified as Issuer Banks for UPI. A list of such banks is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40

(ii) The latest/revised UPI Mandate is not approved by Bidder in case of revision of bid;

(jj) Submission of more than one Bid cum Application Form per ASBA Account by Bidders bidding through Designated Intermediaries (except in case of joint account holders);

(kk) In case of joint Bids, submission of Bid cum Application Forms/Application Form using second or third party's UPI ID or ASBA Bank Account;

(ll) Bid cum Application Form submitted physically by RIBs bidding through the non-UPI mechanism to Designated Intermediaries other than SCSBs;

(mm) In case of revision of Bids by RIB Bidders, if UPI Mandate Request for the revised Bid is not approved, the Application is liable to be rejected.

5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Offer depending on compliance with the applicable eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.

(b) Under-subscription in any category (except QIB category) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.

(c) In case of under subscription in the Net Offer, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Offer. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

Bidders should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes Bidding by Anchor Investors.

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Offer the desired number of equity shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The issuer, in consultation with the Book Running Lead Managers, may finalise the Offer Price at or below such cut-off price, i.e., at or below ₹ 22.00. All bids at or above this Offer Price and cut-off bids are valid bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding (**"Alternate Book Building Process"**).

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIBs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: OFFER PROCEDURE IN FIXED PRICE OFFER

Applicants may note that there is no Bid cum Application Form in a Fixed Price Offer. As the Offer Price is mentioned in the Fixed Price Offer therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

ASBA Applicants may submit an Application Form either in physical form to the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the ASBA Account specified in the Application Form only. The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date.

In a fixed price issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIBs

Bids received from the RIBs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer Price, full Allotment may be made to the RIBs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation in the Retail Category at or above the Offer Price, then the maximum number of RIBs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot **(“Maximum RIB Allottees”)**. The Allotment to the RIBs will then be made in the following manner:

(a) In the event the number of RIBs who have submitted valid Bids in the Offer is equal to or less than Maximum RIB Allottees; (i) all such RIBs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIBs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIBs who have submitted valid Bids in the Offer is more than Maximum RIB Allottees, the RIBs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIIs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full Allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP / Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the issuer subject to compliance with the following requirements:

i. not more than 60% of the QIB Category will be allocated to Anchor Investors;

ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:

- a maximum number of two Anchor Investors for allocation up to ₹ 10 crores;

- a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 10 crores and up to ₹ 250 crores, subject to minimum allotment of ₹ 5 crores per such Anchor Investor; and

- in case of llocation above ₹ 250 crores, a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of up to ₹ 250 crores and an additional 10 Anchor Investors for every additional ₹ 250 crores or part thereof, subject to minimum allotment of ₹ 5 crores per such Anchor Investor.

(b) A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLM(s), selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(c) **In the event that the Offer Price is higher than the Anchor Investor Offer Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Offer Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(d) **In the event the Offer Price is lower than the Anchor Investor Offer Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED OFFER

In the event of the Offer being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below: 3

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid Lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all Bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Escrow Bank shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Accounts, as per the terms of the Cash Escrow Agreement, into the Public Offer Account with the Bankers to the Offer. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Cash Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Offer shall instruct the SCSBs or the Sponsor Bank, as applicable, to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Offer Account.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary resolutions and undertake corporate actions to facilitate the Allotment and credit of Equity Shares to successful Bidders/Applicants. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Offer.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within five Working Days of the Bid/ Offer Closing Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange will be disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer may be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from the Bidders/Applicants pursuant to the RHP/Prospectus.

If such money is not refunded to Bidders within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Offer (excluding any offer for sale of specified securities), including devolvement to the Underwriters, as applicable, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/ Offer Closing Date and repay, without interest, all moneys received from Anchor Investors. This is further subject to the compliance with Rule 19(2)(b) of the SCRR. In case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under- subscription in the Offer, the Equity Shares in the Offer will be issued prior to the sale of Equity Shares in the Offer for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay or unblock the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of prescribed time period under applicable laws, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF OFFERS MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the 2009 SEBI ICDR Regulations comes for an Offer under Regulation 26(2) of 2009 SEBI ICDR Regulations but fails to Allot at least 75% of the Net Offer to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

1. **In case of ASBA Bids:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs or in case of Bids by RIBs applying through the UPI Mechanism to the Sponsor Bank, to revoke the mandate and for unblocking the amount for unsuccessful Bids or for any excess amount blocked on Bidding.

2. **In case of Anchor Investors:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.

3. In case of Anchor Investors, the Registrar to the Offer may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Bid cum Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Offer, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

4. In the case of Bids from Eligible NRI Bidders and FPIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Company may not be responsible for loss, if any, incurred by the Bidder/Applicant on account of conversion of foreign currency.

8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

i. **NACH**—National Automated Clearing House is a consolidated system of ECS. Payment of refund would be done through NACH for Anchor Investors having an account at any of the centres specified by the RBI where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Anchor Investors having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where the applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS;

ii. **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine- digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

iii. **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account; and

iv. **RTGS**—Anchor Investors having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds ₹ 0.2 million, shall be eligible to receive refund through RTGS, provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Anchor Investor's bank which can be mapped with the RBI data to obtain the corresponding IFSC. Charges, if any, levied by the Anchor Escrow Bank for the same would be borne by our Company. Charges, if any, levied by the Anchor Investor's bank receiving the credit would be borne by the Anchor Investor;

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc. Bidders/Applicants may refer to RHP/Prospectus.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if refund orders, as applicable, are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the six Working Days of the Bid/Offer Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Offer Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time. In case of inconsistency in the description of a term mentioned herein below and the description ascribed to such term in the Red Herring Prospectus/Prospectus, the description as ascribed to such term in the Red Herring Prospectus/ Prospectus shall prevail.

Term	Description
Allotment/Allot/Allotted	The allotment of Equity Shares pursuant to the Offer to successful Bidders/Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	A Bidder/Applicant to whom the Equity Shares are Allotted
Anchor Escrow Account	Account opened with the Anchor Collection Bank and in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit in respect of the Bid Amount when submitting a Bid.
Anchor Escrow Bank	Refer to definition of Banker(s) to the Offer
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations and the Red Herring Prospectus
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors at the end of the Anchor Investor Bid/Offer Period in terms of the Red Herring Prospectus and this Prospectus, which will be decided by the Company, in consultation with the BRLMs
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Offer, includes Fixed Price Offer
Application Supported by Blocked Amount /ASBA	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 includes amounts blocked by RIBs using the UPI Mechanism
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB or the account of the RIB Bidder blocked upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism to the extent of the Bid Amount of the Bidder/Applicant
Banker(s) to the Offer/ Anchor Escrow Bank(s)/Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Anchor Escrow Accounts for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Offer
Bid	An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/ Offer Date by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid/Offer Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the

Term	Description
	RHP/Prospectus for the Bid/Offer Closing Date
Bid/Offer Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/Bidders may refer to the RHP/Prospectus for the Bid/Offer Opening Date
Bid/Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/ Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof.
Bid cum Application Form	An application form, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus
Bidder/Applicant	Any prospective investor who makes a Bid/Application pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Process/Book Building Process/Book Building Method	The book building process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Manager(s)/BRLM(s)/Lead Manager(s)/Lead Manager/LM	The Book Running Lead Manager to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Book Running Lead Manager or BRLM
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges
Business Day	Monday to Saturday (except 2nd and 4th Saturday of a month and public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted
Cash Escrow and Sponsor Bank Agreement	Agreement to be entered into among the Issuer, the Registrar to the Offer, the BRLMs, the Anchor Escrow Bank and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	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
Collecting Registrar and Share Transfer Agents or CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of the Circular on Streamlining of Public Issues
Cut-off Price	Offer Price, finalised by the Issuer in consultation with the BRLMs, which can be any price within the Price Band (inclusive of the floor price and cap price). Only RIBs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant’s Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant’s address, name of the Applicant’s

Term	Description
	father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the Bid cum Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred by the Anchor Escrow Bank from the Anchor Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, after this Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the Fresh Offer may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Intermediaries /Collecting Agent	Syndicate Member, sub-syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and CRTAs, who are authorized to collect Bid cum Application Forms from the Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the CRTAs where Bidders can submit the Bid cum Application Forms to CRTAs. The details of such Designated RTA Locations, along with names and contact details of the CRTAs eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Offers and which may mention a price or a Price Band
Employees / Eligible Employees	Employees of an Issuer as defined under SEBI ICDR Regulations and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the RHP/Prospectus
Employees Reserved Portion	Equity Shares reserved for the Eligible Employees
Equity Shares	Equity Shares of the Issuer
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
Fixed Price Offer/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, in terms of which the Offer is being made
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering

Term	Description
Issuer/Company	The Issuer proposing the initial public offering/further public offering as applicable
Maximum RIB Allottees	The 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.
MICR	Magnetic Ink Character Recognition – nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NACH	National Automated Clearing House, which is a consolidated system of Electronic Clearance System. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Offer	The Offer less reservation portion
Non-Institutional Investors or NIIs	All Bidders/Applicants including FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Investor Category	The portion of the Offer being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale, if applicable
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholders
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of this Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price. The Offer Price may be decided by the Issuer in consultation with the BRLM(s)
Other Investors	Investors other than RIBs in a Fixed Price Offer. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
PAN	Permanent Account Number allotted under the Income Tax Act, 1961

Term	Description
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Offer may be decided by the Issuer and the Selling Shareholders, in consultation with the Book Running Lead Manager(s) and advertised, at least two working days in case of an IPO and one working day in case of FPO, prior to the Bid/Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer and the Selling Shareholders, in consultation with the BRLM(s), finalise the Offer Price
Prospectus	This prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Offer Price, the size of the Offer and certain other information
Public Offer Account	An account opened with the Banker to the Offer to receive monies from the Anchor Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under the 2018 SEBI ICDR Regulations
RTGS	Real Time Gross Settlement
Red Herring Prospectus/RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. The RHP may be filed with the RoC at least three days before the Bid/ Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer gents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designate RTA Locations in terms of circular number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Refunds through electronic transfer of funds	Refunds through Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Offer/RTO	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Offer reserved for such category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations
Retail Individual Investors/RIBs	Investors who applies or bids for a value of not more than ₹200,000 (including HUFs applying through their karta and eligible NRIs and does not include NRIs other than Eligible NRIs.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIBs which shall not be less than the minimum Bid Lot, subject to availability in RIB category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)

Term	Description
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as applicable
Self Certified Syndicate Bank(s) or SCSB(s)	The banks registered with the SEBI which offers the facility of ASBA and the list of which is available on the website of the http://www.sebi.gov.in/sebiweb/other/OtherAction.do? doRecognised=yes
Specified Locations	Bidding centres where the Syndicate accepted Bid cum Application Forms, a list of which is included in the Bid cum Application Form
Sponsor Bank	The Banker to the Offer 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 RIBs into the UPI
Stock Exchanges/SEs	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed
Syndicate	The BRLM(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of Bid cum Application Forms by Syndicate Member
Syndicate Member(s)	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
UPI	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 RIB by way of a notification on the UPI application and by way of a SMS directing the RIB to such UPI application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
UPI PIN	Password to authenticate UPI transaction
Working Day	All days other than second and fourth Saturdays of the month, Sundays or public holidays, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) the time period between the announcement of Price Band the Bid/ Offer Closing Date, 'Working Day' shall mean all days, except Saturday, Sunday and public holidays on which commercial banks in Mumbai are open for business; and (b) the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/ HO/ CFD/ DIL2/ CIR/ P/ 2018/ 138 dated November 1, 2018, and as per circulars issued by SEBI from time to time
2009 SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
2018 SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

The Articles of Association of the Company comprise of two parts, Part I and Part II, which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency between Part I and Part II, the provisions of Part II shall be applicable. However, Part II shall automatically terminate and cease to have any force and effect from the date of listing of Equity Shares of the Company on a recognized stock exchange in India pursuant to an initial public offering of the Equity Shares of the Company without any further action, including any corporate action, by the Company or by the Shareholders.

PART I

1. CONSTITUTION OF THE COMPANY

a) *The regulations contained in table "F" of schedule I to the Companies Act, 2013 shall apply only in so far as the same are not provided for or are not inconsistent with these Articles.*

b) *The regulations for the management of the Company and for the observance of the Shareholders thereof and their representatives shall be such as are contained in these Articles, subject however to the exercise of the statutory powers of the Company in respect of repeal, additions, alterations, substitution, modifications and variations thereto by Special Resolution as prescribed by the Companies Act, 2013.*

2. INTERPRETATION

A. DEFINITIONS

In the interpretation of these Articles the following words and expressions shall have the following meanings unless repugnant to the subject or context.

a. "**Act**" means the Companies Act, 2013 (to the extent that such enactment is in force and applicable to the context in which such term is used herein), and all rules and clarifications issued thereunder or the Companies Act, 1956 and the rules issued thereunder (to the extent that such enactment is in force and applicable to the context in which such term is used herein), and shall include all amendments, modifications and re-enactments of the foregoing. Reference to Act shall also include the Secretarial Standards issued by the Institute of Company Secretaries of India constituted under the Company Secretaries Act, 1980.

b. "**ADRs**" shall mean American Depository Receipts representing ADSs.

c. "**Annual General Meeting**" shall mean a General Meeting of the holders of Equity Shares held in accordance with the applicable provisions of the Act.

d. "**ADSs**" shall mean American Depository Shares, each of which represents a certain number of Equity Shares.

e. **"Articles"** shall mean these articles of association as adopted or as from time to time altered in accordance with the provisions of these Articles and the Act.

f. **"Auditors"** shall mean and include those persons appointed as such for the time being by the Company.

g. **"Board"** shall mean the board of directors of the Company, as constituted from time to time, in accordance with law and the provisions of these Articles.

h. **"Board Meeting"** shall mean any meeting of the Board, as convened from time to time and any adjournment thereof, in accordance with law and the provisions of these Articles.

i. **"Beneficial Owner"** shall mean beneficial owner as defined in Clause (a) of subsection (1) of section 2 of the Depositories Act.

j. **"Business Day"** shall mean a day, not being a Saturday or a Sunday or public holiday, on which banks are open for business in Hyderabad, India and, in the context of a payment being made to or from a scheduled commercial bank in a place other than India, in such other place.

k. **"Capital" or "Share Capital"** shall mean the share capital for the time being, raised or authorised to be raised for the purpose of the Company.

l. **"Chairman"** shall mean such person as is nominated or appointed in accordance with Article 37 herein below.

m. **"Companies Act, 1956"** shall mean the Companies Act, 1956 (Act I of 1956), as may be in force for the time being.

n. **"Company" or "this Company"** shall mean **SPANDANA SPHOORTY FINANCIAL LIMITED.**

o. **"Committees"** shall mean a committee constituted in accordance with Article 74.

p. **"Debenture"** shall have the meaning assigned to it under the Act.

q. **"Depositories Act"** shall mean The Depositories Act, 1996 and shall include any statutory modification or re-enactment thereof.

r. **"Depository"** shall mean a depository as defined in Clause (e) of sub-section (1) of section 2 of the Depositories Act.

s. **"Director"** shall mean any director of the Company, including alternate directors, independent directors and nominee directors appointed in accordance with law and the provisions of these Articles.

t. **"Dividend"** shall include interim dividends.

u. "**Equity Share Capital**" shall mean the total issued and paid-up equity share capital of the Company, calculated on a Fully Diluted Basis.

v. "**Equity Shares**" shall mean fully paid-up equity shares of the Company having a par value of INR **10/-** (Rupees **Ten**) per equity share, and INR **10/-** (Rupees **Ten**) vote per equity share or any other issued Share Capital of the Company that is reclassified, reorganized, reconstituted or converted into equity shares.

w. **"Executor"** or **"Administrator"** shall mean a person who has obtained probate or letters of administration, as the case may be, from a court of competent jurisdiction and shall include the holder of a succession certificate authorizing the holder thereof to negotiate or transfer the Securities of the deceased Shareholder and shall also include the holder of a certificate granted by the Administrator-General appointed under the Administrator Generals Act, 1963.

x. **"Extraordinary General Meeting"** shall mean an extraordinary general meeting of the holders of Equity Shares duly called and constituted in accordance with the provisions of the Act;

y. "**Financial Year**" shall mean any fiscal year of the Company, beginning on April 1 of each calendar year and ending on March 31 of the following calendar year.

z. "**Fully Diluted Basis**" shall mean, in reference to any calculation, that the calculation should be made in relation to the equity share capital of any Person, assuming that all outstanding convertible preference shares or debentures, options, warrants and other equity securities convertible into or exercisable or exchangeable for equity shares of that Person (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged to the maximum number of equity shares possible under the terms thereof.

aa. **"GDRs"** shall mean the registered Global Depositary Receipts, representing GDSs.

bb. **"GDSs**" shall mean the Global Depository Shares, each of which represents a certain number of Equity Shares.

cc. **"General Meeting"** shall mean a meeting of holders of Equity Shares and any adjournment thereof and constituted in accordance with the provisions of the Act.

dd. "**Independent Director**" shall mean an independent director as defined under the Act and under the SEBI Listing Regulations.

ee. **“India”** shall mean the Republic of India.

ff. “**Investor Designee**” means Kedaara Capital I Limited or any Affiliate of Kedaara Capital I Limited that may be intimated in writing by Kangchenjunga Limited to the Company.

gg. **“Law”** shall mean all applicable provisions of all (i) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, circulars, ordinances or orders of any governmental authority and SEBI, including the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 2015, (ii) governmental approvals or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or adjudication having the force of law of any of the foregoing, by any governmental authority having jurisdiction over the matter in question, (iii) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any governmental authority or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or adjudication having the force of law of any of the foregoing by any governmental authority having jurisdiction over the matter in question, (iv) rules, policy, regulations or requirements of any stock exchanges, (v) international treaties, conventions and protocols, and (vi) Indian GAAP or any other generally accepted accounting principles.

hh. “**Managing Director**” shall have the meaning assigned to it under the Act.

ii. “**MCA**” shall mean the Ministry of Corporate Affairs, Government of India.

jj. “**Memorandum**” shall mean the memorandum of association of the Company, as amended from time to time.

kk. **“Office”** shall mean the registered office for the time being of the Company.

ll. **“Officer”** shall have the meaning assigned thereto by Section 2(59) of the Act.

mm. **“Ordinary Resolution**” shall have the meaning assigned thereto by Section 114 of the Act.

nn. “**Paid up**” shall include the amount credited as paid up.

oo. “**Person**” shall mean any natural person, sole proprietorship, partnership, company, body corporate, governmental authority, joint venture, trust, association or other entity (whether registered or not and whether or not having separate legal personality).

pp. “**Promoters**” shall mean Kangchenjunga Limited and Padmaja Gangireddy.

qq. “**Register of Members**” shall mean the register of shareholders to be kept pursuant to Section 88 of the Act.

rr. “**Registrar**” shall mean the Registrar of Companies, from time to time having jurisdiction over the Company.

ss. “**Rules**” shall mean the rules made under the Act and notified from time to time.

tt. “**SEBI**” shall mean the Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992.

uu. “**SEBI Listing Regulations**” shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

vv. **“Secretary”** shall mean a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by a company to perform the functions of a company secretary under the Act.

ww. “**Securities**” shall mean any Equity Shares or any other securities, debentures, warrants or options whether or not, directly or indirectly convertible into, or exercisable or exchangeable into or for Equity Shares.

xx. **“Share Equivalents”** shall mean any Debentures, preference shares, foreign currency convertible bonds, floating rate notes, options (including options to be approved by the Board (whether or not issued) pursuant to an employee stock option plan) or warrants or other Securities or rights which are by their terms convertible or exchangeable into Equity Shares.

yy. “**Shareholder**” shall mean any shareholder of the Company, from time to time.

zz. "**Shareholders' Meeting**" shall mean any meeting of the Shareholders of the Company, including Annual General Meetings as well as Extraordinary General Meetings of the Shareholders of the Company, convened from time to time in accordance with Law and the provisions of these Articles.

aaa. **"Special Resolution"** shall have the meaning assigned to it under Section 114 of the Act.

bbb. **"Transfer"** shall mean (i) any, direct or indirect, transfer or other disposition of any shares, securities (including convertible securities), or voting interests or any interest therein, including, without limitation, by operation of Law, by court order, by judicial process, or by foreclosure, levy or attachment; (ii) any, direct or indirect, sale, assignment, gift, donation, redemption, conversion or other disposition of such shares, securities (including convertible securities) or voting interests or any interest therein, pursuant to an agreement, arrangement, instrument or understanding by which legal title to or beneficial ownership of such shares, securities (including convertible securities) or voting interests or any interest therein passes from one Person to another Person or to the same Person in a different legal capacity, whether or not for value; (iii) the granting of any security interest or encumbrance in, or extending or attaching to, such shares, securities (including convertible securities) or voting interests or any interest therein, and the word "**Transferred**" shall be construed accordingly.

ccc. "**Tribunal**" shall mean the National Company Law Tribunal constituted under Section 408 of the Act.

B. CONSTRUCTION

In these Articles (unless the context requires otherwise):

(i) References to a party shall, where the context permits, include such party's respective successors, legal heirs and permitted assigns.

(ii) The descriptive headings of Articles are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of content thereof and shall not be used to interpret the provisions of these Articles and shall not affect the construction of these Articles.

(iii) References to articles and sub-articles are references to Articles and sub-articles of and to these Articles unless otherwise stated and references to these Articles include references to the articles and sub-articles herein.

(iv) Words importing the singular include the plural and vice versa, pronouns importing a gender include each of the masculine, feminine and neuter genders, and where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.

(v) Wherever the words "include," "includes," or "including" is used in these Articles, such words shall be deemed to be followed by the words "without limitation".

(vi) The terms "hereof", "herein", "hereto", "hereunder" or similar expressions used in these Articles mean and refer to these Articles and not to any particular Article of these Articles, unless expressly stated otherwise.

(vii) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of such period is not a Business Day; and whenever any payment is to be made or action to be taken under these Articles is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following.

(viii) A reference to a party being liable to another party, or to liability, includes, but is not limited to, any liability in equity, contract or tort (including negligence).

(ix) Reference to statutory provisions shall be construed as meaning and including references also to any amendment or re-enactment for the time being in force and to all statutory instruments or orders made pursuant to such statutory provisions.

(x) References to any particular number or percentage of securities of a Person (whether on a Fully Diluted Basis or otherwise) shall be adjusted for any form of restructuring of the share capital of that Person, including without limitation, consolidation or subdivision or splitting of its shares, issue of bonus shares, issue of shares in a scheme of arrangement (including amalgamation or de-merger) and reclassification of equity shares or variation of rights into other kinds of securities.

(xi) References made to any provision of the Act shall be construed as meaning and including the references to the rules and regulations made in relation to the same by the MCA. The applicable provisions of the Companies Act, 1956 shall cease to have effect from the date on which the corresponding provisions under the Companies Act, 2013 have been notified.

(xii) In the event any of the provisions of the Articles are contrary to the provisions of the Act and the Rules, the provisions of the Act and Rules will prevail.

3. EXPRESSIONS IN THE ACT AND THESE ARTICLES

Save as aforesaid, any words or expressions defined in the Act or the Depositories Act or the SEBI Listing Regulations, shall, as the case may be, if not inconsistent with the subject or context, bear the same meaning in these Articles.

4. SHARE CAPITAL

(i) The authorised Share Capital of the Company shall be as stated under Clause V of the Memorandum of Association of the Company from time to time.

(ii) The Company has power, from time to time, to increase its authorised or issued and Paid up Share Capital in accordance with the Act, applicable Law and these Articles.

(iii) The Share Capital of the Company may be classified into shares with differential rights as to dividend, voting or otherwise in accordance with the applicable provisions of the Act, Rules, and Law, from time to time.

(iv) Subject to Article 4(iii), all Equity Shares shall be of the same class and shall be alike in all respects and the holders thereof shall be entitled to identical rights and privileges including without limitation to identical rights and privileges with respect to dividends, voting rights, and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company.

(v) The Board may allot and issue shares of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and/or in the conduct of its business or for any goodwill provided to the Company; and any shares which may be so allotted may be issued as fully/partly Paid up shares and if so issued shall be deemed as fully/partly Paid up shares. However, the aforesaid shall be subject to the approval of shareholders under the relevant provisions of the Act and Rules.

(vi) The amount payable on application on each share shall not be less than 5 per cent of the nominal value of the share or, as may be specified by SEBI.

(vii) Nothing herein contained shall prevent the Directors from issuing fully Paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company.

(viii) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new shares, shall be considered as part of the existing Capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

(ix) All of the provisions of these Articles shall apply to the Shareholders.

(x) Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purposes of these Articles be a Shareholder.

(xi) The money, (if any), which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee, in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

5. BRANCH OFFICES

The Company shall have the power to establish one or more branch offices, in addition to the Office, in such places at its Board may deem fit.

6. PREFERENCE SHARES

(a) **Redeemable Preference Shares**

The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have the power to issue on a cumulative or non-cumulative basis, preference shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the applicable provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption of such shares on such terms including the right to redeem at a premium or otherwise as they deem fit.

(b) **Convertible Redeemable Preference Shares**

The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have power to issue on a cumulative or non-cumulative basis convertible redeemable preference shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the applicable provisions of the Act, exercise such power as they deem fit and provide for redemption at a premium or otherwise and/or conversion of such shares into such Securities on such terms as they may deem fit.

7. PROVISIONS IN CASE OF PREFERENCE SHARES.

Upon the issue of preference shares pursuant to Article 6 above, the following provisions shall apply:

(a) No such preference shares shall be redeemed except out of profits of the Company which would otherwise be available for Dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption;

(b) No such preference shares shall be redeemed unless they are fully paid;

(c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's securities premium account, before the preference shares are redeemed;

(d) Where any such preference shares are proposed to be redeemed out of the profits of the Company, there shall, out of such profits, be transferred, a sum equal to the nominal amount of the preference shares to be redeemed, to a reserve, to be called the "**Capital Redemption Reserve Account**" and the applicable provisions of the Act relating to the reduction of the Share Capital of the Company shall, except as provided by Section 55 of the Act, apply as if the Capital Redemption Reserve Account were Paid up Share Capital of the Company;

(e) The redemption of preference shares under this Article by the Company shall not be taken as reduction of Share Capital;

(f) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up un-issued shares of the Company to be issued to the Shareholders as fully paid bonus shares; and

(g) Whenever the Company shall redeem any redeemable preference shares or cumulative convertible redeemable preference shares, the Company shall, within 30 (thirty) days thereafter, give notice thereof to the Registrar of Companies as required by Section 64 of the Act.

8. SHARE EQUIVALENT

The Company shall, subject to the applicable provisions of the Act, compliance with Law and the consent of the Board, have the power to issue Share Equivalents on such terms and in such manner as the Board deems fit including their conversion, repayment, and redemption whether at a premium or otherwise.

9. ADRs/ GDRs

The Company shall, subject to the applicable provisions of the Act, compliance with all Laws and the consent of the Board, have the power to issue ADRs or GDRs on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include at the discretion of the Board, limitations on voting by holders of ADRs or GDRs, including without limitation, exercise of voting rights, in accordance with the directions of the Board.

10. ALTERATION OF SHARE CAPITAL

Subject to these Articles and Section 61 of the Act, the Company may, by Ordinary Resolution in General Meeting from time to time, alter the conditions of its Memorandum as follows, that is to say, it may:

(a) increase its Share Capital by such amount as it thinks expedient;

(b) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;

Provided that no consolidation and division which results in changes in the voting percentage of Shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner;

(c) convert all or any of its fully Paid up shares into stock and reconvert that stock into fully Paid up shares of any denomination;

(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and

(e) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any Person, and diminish the amount of its Share Capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.

11. REDUCTION OF SHARE CAPITAL

The Company may, subject to the applicable provisions of the Act, from time to time, reduce its Capital, any capital redemption reserve account and the securities premium account in any manner for the time being authorized by Law. This Article is not to derogate any power the Company would have under Law, if it were omitted.

12. POWER OF COMPANY TO PURCHASE ITS OWN SECURITIES

Pursuant to a resolution of the Board or a Special Resolution of the Shareholders, as required under the Act, the Company may purchase its own shares or other Securities, as may be specified by the Act read with the Rules made thereunder from time to time, and as may be prescribed by the MCA or the SEBI, by way of a buy-back arrangement, in accordance with Sections 68, 69 and 70 of the Act, the Rules and subject to compliance with the Law.

13. POWER TO MODIFY RIGHTS

Where, the Capital, is divided (unless otherwise provided by the terms of issue of the shares of that class) into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Act and the Law, and whether or not the Company is being wound up, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any Person purporting to contract on behalf of that class, provided the same is effected with consent in writing and by way of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class. Subject to provisions of the Act and applicable Law, all provisions hereafter contained as to General Meetings (including the provisions relating to quorum at such meetings) shall mutatis mutandis apply to every such meeting.

14. REGISTERS TO BE MAINTAINED BY THE COMPANY

(a) The Company shall, in terms of the provisions of Section 88 of the Act and the provisions of the Depositories Act, cause to be kept the following registers in terms of the applicable provisions of the Act

(i) A Register of Members indicating separately for each class of Equity Shares and preference shares held by each Shareholder residing in or outside India;

(ii) A register of Debenture holders; and

(iii) A register of any other security holders.

(b) The Company shall also be entitled to keep in any country outside India, a part of the registers referred above, called "foreign register" containing names and particulars of the Shareholders, Debenture holders or holders of other Securities or beneficial owners residing outside India.

(c) The registers mentioned in this Article shall be kept and maintained in the manner prescribed under the Companies (Management and Administration) Rules, 2014.

15. SHARES AND SHARE CERTIFICATES

(a) The Company shall issue, re-issue and issue duplicate share certificates in accordance with the provisions of the Act and in the form and manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014.

(b) A duplicate certificate of shares may be issued, if such certificate:

i. is proved to have been lost or destroyed; or

ii. has been defaced, mutilated or torn and is surrendered to the Company.

(c) The Company shall be entitled to dematerialize its existing shares, rematerialize its shares held in the depository and/or to offer its fresh shares in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(d) *A certificate, signed by two directors or by a director and the Company Secretary, specifying the shares held by any Person shall be *prima facie* evidence of the title of the Person to such shares. Where the shares are held in depository form, the record of Depository shall be the *prima facie* evidence of the interest of the beneficial owner.

(e) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate, within a period of 30 days from the receipt of such lodgement. Every certificate under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rupees two for each certificate) as the Directors shall prescribe. Provided that, no fee shall be charged for issue of a new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with the applicable provisions of the Act and Law.

(f) The provisions of this Article shall *mutatis mutandis* apply to Debentures and other Securities of the Company.

(g) When a new share certificate has been issued in pursuance of sub-article (e) of this Article, it shall be in the form and manner stated under the Companies (Share Capital and Debentures) Rules, 2014.

(h) Where a new share certificate has been issued in pursuance of sub-articles (e) or (f) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates maintained in the form and manner specified under the Companies (Share Capital and Debentures) Rules, 2014.

(i) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a Resolution of the Board. The blank forms shall be consecutively machine–numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may authorize for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

(j) The Secretary shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates including the blank forms of the share certificate referred to in sub-article (h) of this Article.

(k) All books referred to in sub-article (i) of this Article, shall be preserved in the manner specified in the Companies (Share Capital and Debentures) Rules, 2014.

(l) The details in relation to any renewal or duplicate share certificates shall be entered into the register of renewed and duplicate share certificates, as prescribed under the Companies (Share Capital and Debentures) Rules, 2014.

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* Substituted vide Special Resolution passed by members at the 16th Annual General Meeting held on 11th July, 2019.

(m) If any Share stands in the names of 2 (two) or more Persons, the Person first named in the Register of Members shall as regards receipt of Dividends or bonus, or service of notices and all or any other matters connected with the Company except voting at meetings and the transfer of shares, be deemed the sole holder thereof, but the joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares, and for all incidents thereof according to these Articles.

(n) Except as ordered by a court of competent jurisdiction or as may be required by Law, the Company shall be entitled to treat the Shareholder whose name appears on the Register of Members as the holder of such share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any *benami*, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other Person whether or not such Shareholder shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any 2 (two) or more Persons or the survivor or survivors of them.

16. SHARES AT THE DISPOSAL OF THE DIRECTORS

(a) Subject to the provisions of Section 62 and other applicable provisions of the Act, and these Articles, the shares in the Capital of the Company for the time being (including any shares forming part of any increased Capital of the Company) shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to Persons in such proportion and on such terms and conditions and either at a premium or at par or at discount (subject to compliance with Section 53 of the Act) at such time as they may, from time to time, think fit. to give to any person or persons the option or right to call for any shares either at par or premium or at a discount subject to the provisions of the Act during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid up shares. Provided that option or right to call shares shall not be given to any Person or Persons without the sanction of the Company in the General Meeting.

(b) Subject to applicable Law, the Directors are hereby authorised to issue Equity Shares or Debentures (whether or not convertible into Equity Shares) for offer and allotment to such of the officers, employees and workers of the Company as the Directors may decide or the trustees of such trust as may be set up for the benefit of the officers, employees and workers in accordance with the terms and conditions of such scheme, plan or proposal as the Directors may formulate. Subject to the consent of the stock exchanges and SEBI, the Directors may impose the condition that the Equity Shares or Debentures of the Company so allotted shall not be transferable for a specified period.

(c) If, by the conditions of allotment of any share, the whole or part of the amount thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the shares or by his Executor or Administrator.

(d) Every Shareholder, or his heirs, Executors, or Administrators shall pay to the Company, the portion of the Capital represented by his share or shares which may for the time being remain unpaid thereon in such amounts at such time or times and in such manner as the Board shall from time to time in accordance with the Articles require or fix for the payment thereof.

(e) In accordance with Section 56 and other applicable provisions of the Act and the Rules:

(i) Every Shareholder or allottee of shares shall be entitled without payment, to receive one or more certificates specifying the name of the Person in whose favour it is issued, the shares to which it relates and the amount paid up thereon. Such certificates shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupon of requisite value, save in cases of issue of share certificates against letters of acceptance or of renunciation, or in cases of issue of bonus shares. Such share certificates shall also be issued in the event of consolidation or sub-division of shares of the Company. Every such certificate shall be issued in the manner prescribed under Section 46 of the Act and the Rules framed thereunder. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the Person, to whom it has been issued, indicating the date of issue.

(ii) Every Shareholder shall be entitled, without payment, to one or more certificates, in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within

2 (two) months from the date of allotment, or within 1 (one) month of the receipt of instrument of transfer, transmission, sub-division, consolidation or renewal of its shares as the case may be. Every certificate of shares shall be in the form and manner as specified in Article 15 above and in respect of a share or shares held jointly by several Persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to the first named joint holders shall be sufficient delivery to all such holders. For any further certificate, the Board shall be entitled, but shall not be bound to prescribe a charge not exceeding rupees two.

(iii) the Board may, at their absolute discretion, refuse any applications for the sub-division of share certificates or debenture certificates, into denominations less than marketable lots except where sub-division is required to be made to comply with any statutory provision or an order of a competent court of law or at a request from a Shareholder or to convert holding of odd lot into transferable/marketable lot.

(iv) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

17. UNDERWRITING AND BROKERAGE

(a) Subject to the applicable provisions of the Act, the Company may at any time pay a commission to any Person in consideration of his subscribing or agreeing to subscribe or procuring or agreeing to procure subscription, (whether absolutely or conditionally), for any shares or Debentures in the Company in accordance with the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

(b) The Company may also, on any issue of shares or Debentures, pay such brokerage as may be lawful.

18. CALLS

(a) Subject to the provisions of Section 49 of the Act, the Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, (and not by circular resolution), make such call as it thinks fit upon the Shareholders in respect of all money unpaid on the shares held by them respectively and each Shareholder shall pay the amount of every call so made on him to the Person or Persons and Shareholders and at the times and places appointed by the Board. A call may be made payable by installments. Provided that the Board shall not give the option or right to call on shares to any Person except with the sanction of the Company in the General Meeting.

(b) 30 (thirty) days' notice in writing at the least of every call (otherwise than on allotment) shall be given by the Company specifying the time and place of payment and if payable to any Person other than the Company, the name of the person to whom the call shall be paid, provided that before the time for payment of such call, the Board may by notice in writing to the Shareholders revoke the same.

(c) The Board 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 date is determined, the call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed and may be made payable by the Shareholders whose names appear on the Register of Members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board. A call may be revoked or postponed at the discretion of the Board.

(d) The joint holder of a share shall be jointly and severally liable to pay all instalments and calls due in respect thereof.

(e) The Board may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Shareholders who, from residence at a distance or other cause the Board may deem fairly entitled to such extension; but no Shareholders shall be entitled to such extension save as a matter of grace and favour.

(f) If any Shareholder or allottee fails to pay the whole or any part of any call or installment, due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Shareholder.

(g) Any sum, which by the terms of issue of a share or otherwise, becomes payable on allotment or at any fixed date or by installments at a fixed time 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 or otherwise the same became payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of call, interest, expenses, forfeiture or otherwise shall apply as if such sum became payable by virtue of a call duly made and notified.

(h) On the trial or hearing of any action or suit brought by the Company against any Shareholder or his legal representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Shareholder in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder, or one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the shares; that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Shareholder or his representatives so sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.

(i) Neither a judgment nor a decree in favour of the Company for calls or other money due in respect of any share nor any part payment or satisfaction thereunder, nor the receipt by the Company of a portion of any money which shall from time to time be due from any Shareholder to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

(j) The Board may, if it thinks fit (subject to the provisions of Section 50 of the Act) agree to and receive from any Shareholder willing to advance the same, the whole or any part of the money due upon the shares held by him beyond the sums actually called up, and upon the amount so paid or satisfied in advance or so much thereof as from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares in respect of which such advance has been made, the Company may pay interest, as the Shareholder paying such sum in advance and the Board agree upon, provided that the money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

(k) No Shareholder shall be entitled to voting rights in respect of the money(ies) so paid by him until the same would but for such payment, become presently payable.

(l) The provisions of these Articles shall *mutatis mutandis* apply to the calls on Debentures of the Company.

19. COMPANY'S LIEN:

i. On shares:

(a) The Company shall have a first and paramount lien:

(i) on every share (not being a fully paid share), for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that share;

Provided that the Board may, at any time, declare any shares wholly or in part to be exempt from the provisions of this Article.

(b) Company's lien, if any, on such partly paid shares, shall extend to all Dividends payable and bonuses declared from time to time in respect of such shares.

(c) Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The fully Paid up shares shall be free from all lien and that in case of partly paid shares, the Company's lien shall be restricted to money called or payable at a fixed time in respect of such shares.

(d) For the purpose of enforcing such lien, the Board may sell the shares, subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their Shareholders to execute and register the transfer thereof on behalf of and in the name of any purchaser. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Provided that no sale shall be made:

(i) unless a sum in respect of which the lien exists is presently payable; or

(ii) until the expiration of 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 the person entitled thereto by reason of his death or insolvency.

The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the Person entitled to the shares at the date of the sale.

(e) No Shareholder 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.

ii.On Debentures:

(a) The Company shall have a first and paramount lien:

(i) on every Debenture (not being a fully paid Debenture), for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that Debenture;

Provided that the Board may, at any time, declare any Debentures wholly or in part to be exempt from the provisions of this Article.

(b) Company's lien, if any, on the Debentures, shall extend to all interest and premium payable in respect of such Debentures.

(c) Unless otherwise agreed, the registration of a transfer of Debentures shall operate as a waiver of the Company's lien, if any, on such Debentures. The fully paid up Debentures shall be free from all lien and that in case of partly paid Debentures, the Company's lien shall be restricted to money called or payable at a fixed price in respect of such Debentures.

(d) For the purpose of enforcing such lien, the Board may sell the Debentures, subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Debentures and may authorize the debenture trustee acting as trustee for the holders of Debentures or one of the holder of Debentures to execute and register the transfer thereof on behalf of and in the name of any purchaser. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Debentures be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Provided that no sale shall be made:

(i) unless a sum in respect of which the lien exists is presently payable; or

(ii) until the expiration of 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 Debenture or the Person entitled thereto by reason of his death or insolvency.

The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the Debentures before the sale) be paid to the Person entitled to the Debentures at the date of the sale.

(e) No holder of Debentures shall exercise any voting right in respect of any Debentures 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.

20. FORFEITURE OF SHARES

(a) If any Shareholder fails to pay any call or installment or any part thereof or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or installment or any part thereof or other money remain unpaid or a judgment or decree in respect thereof remain unsatisfied, give notice to him or his legal representatives requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

(b) The notice shall name a day, (not being less than 14 (fourteen) days from the date of the notice), and a place or places on or before which such call or installment or such part or other money as aforesaid and interest thereon, (at such rate as the Board shall determine and payable from the date on which such call or installment ought to have been paid), and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

(c) If the requirements of any such notice as aforesaid are not be complied with, any share in respect of which such notice has been given, may at any time, thereafter before payment of all calls, installments, other money due in respect thereof, interest and expenses as required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all Dividends declared or any other money payable in respect of the forfeited share and not actually paid before the forfeiture subject to the applicable provisions of the Act. There shall be no forfeiture of unclaimed Dividends before the claim becomes barred by Law.

(d) When any share shall have been so forfeited, notice of the forfeiture shall be given to the Shareholder on whose name it stood immediately prior to the forfeiture or if any of his legal representatives or to any of the Persons entitled to the shares by transmission, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

(e) Any share so forfeited shall be deemed to be the property of the Company and may be sold; re-allotted, or otherwise disposed of either to the original holder thereof or to any other Person upon such terms and in such manner as the Board shall think fit.

(f) Any Shareholder whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses and other money owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the Board may enforce, (if it thinks fit), payment thereof as if it were a new call made at the date of forfeiture.

(g) The forfeiture of a share shall involve extinction at the time of the forfeiture of all interest in all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved.

(h) A duly verified declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Persons claiming to be entitled to the shares.

(i) Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some Person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any Person and the remedy of any Person aggrieved by the sale shall be in damages only and against the Company exclusively.

(j) Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant shares shall, (unless the same shall on demand by the

Company have been previously surrendered to it by the defaulting Shareholder), stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said shares to the Person or persons entitled thereto.

(k) The Board may, at any time, before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

21. FURTHER ISSUE OF SHARE CAPITAL

(a) Where at any time, the Company proposes to increase its subscribed Capital by the issue of further shares, such shares shall be offered—

(i) to Persons who, at the date of the offer, are holders of Equity Shares of the Company in proportion, as nearly as circumstances admit, to the Paid up Share Capital on those shares by sending a letter of offer subject to the following conditions, namely:-

a. the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 (fifteen) days and not exceeding 30 (thirty) days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;

b. the offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the shares offered to him or any of them in favour of any other Person; and the notice referred to in clause a. above shall contain a statement of this right;

c. after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner which is not disadvantageous to the Shareholders and the Company;

(ii) to employees under a scheme of employees' stock option, subject to Special Resolution passed by the Company and subject to the Rules and such other conditions, as may be prescribed under Law; or

(iii) to any Persons, if it is authorised by a Special Resolution, whether or not those Persons include the Persons referred to in clause (i) or clause (ii) above, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer, subject to the compliance with the applicable provisions of the Act and any other conditions as may be prescribed under Law.

(b) The notice referred to in sub-clause a. of clause (i) of sub-article (a) shall be dispatched through registered post or speed post or through electronic mode to all the existing Shareholders at least 3 (three) days before the opening of the issue.

(c) Nothing in this Article shall apply to the increase of the subscribed Capital of a Company caused by the exercise of an option as a term attached to the Debentures issued or loan raised by the Company to convert such Debentures or loans into shares in the Company:

Provided that the terms of issue of such Debentures or loan containing such an option have been approved before the issue of such Debentures or the raising of loan by a Special Resolution passed by the Company in a General Meeting.

(d) The provisions contained in this Article shall be subject to the provisions of Section 42 and Section 62 of the Act, the Rules and the applicable provisions of the Act.

22. TRANSFER AND TRANSMISSION OF SHARES

(a) The Company shall maintain a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any Share, Debenture or other Security held in a material form.

(b) In accordance with Section 56 of the Act, the Rules and such other conditions as may be prescribed under Law, every instrument of transfer of shares held in physical form shall be in writing. In case of transfer of shares where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act shall apply.

(c) (i) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee within the time frame prescribed under the Act.

(ii) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee in a prescribed manner and the transferee communicates no objection to the transfer within 2 (two) weeks from the receipt of the notice.

(d) Every such instrument of transfer shall be executed by both, the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

(e) The Board shall have power on giving not less than 7 (seven) days previous notice by advertisement in a vernacular newspaper and in an English newspaper having wide circulation in the city, town or village in which the Office of the Company is situated, and publishing the notice on the website as may be notified by the Central Government and on the website of the Company, to close the transfer books, the Register of Members and/or Register of Debenture-holders at such time or times and for such period or periods, not exceeding 30 (thirty) days at a time and not exceeding in the aggregate 45 (forty-five) days in each year, as it may deem expedient.

(f) Subject to the provisions of Sections 58 and 59 of the Act, these Articles and other applicable provisions of the Act or any other Law for the time being in force, the Board may, refuse to register the transfer of, or the transmission by operation of law of the right to, any securities or interest of a Shareholder in the Company. The Company shall, within 30 (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, send a notice of refusal to the transferee and transferor or to the Person giving notice of such transmission, as the case may be, giving reasons for such refusal.

Provided that, registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever.

(g) Subject to the applicable provisions of the Act and these Articles, the Directors shall have the absolute and uncontrolled discretion to refuse to register a Person entitled by transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of shares upon which the Company has a lien.

(h) Subject to the provisions of these Articles, any transfer of shares in whatever lot should not be refused, though there would be no objection to the Company refusing to split a share certificate into several scripts of any small denominations or, to consider a proposal for transfer of shares comprised in a share certificate to several Shareholders, involving such splitting, if on the face of it such splitting/transfer appears to be unreasonable or without a genuine need. The Company should not, therefore, refuse transfer of shares in violation of the stock exchange listing requirements on the ground that the number of shares to be transferred is less than any specified number.

(i) In case of the death of any one or more Shareholders named in the Register of Members as the joint-holders of any shares, the survivors shall be the only Shareholder or Shareholders recognized by the Company as having any title to or interest in such shares, but nothing therein 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.

(j) The Executors or Administrators or holder of the succession certificate or the legal representatives of a deceased Shareholder, (not being one of two or more joint-holders), shall be the only Shareholders recognized by the Company as having any title to the shares registered in the name of such Shareholder, and the Company shall not be bound to recognize such Executors or Administrators or holders of succession certificate or the legal representatives unless such Executors or Administrators or legal representatives shall have first obtained probate or letters of administration or succession certificate, as the case may be, from a duly constituted court in India, provided that the Board may in its absolute discretion dispense with production of probate or letters of administration or succession certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may under Article 22(a) of these Articles register the name of any Person who claims to be absolutely entitled to the shares standing in the name of a deceased Shareholder, as a Shareholder.

(k) The Board shall not knowingly issue or register a transfer of any share to a minor or insolvent or Person of unsound mind, except fully paid shares through a legal guardian.

(l) Subject to the provisions of Articles, any Person becoming entitled to shares in consequence of the death, lunacy, bankruptcy of any Shareholder or Shareholders, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board, (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some Person nominated by him and approved by the Board, registered as such holder; provided nevertheless, that if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares.

(m) A Person becoming entitled to a share by reason of the death or insolvency of a Shareholder shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not, before being registered as a Shareholder in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Directors shall, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the shares, and if such notice is not complied with within 90 (ninety) days, the Directors may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the shares until the requirements of the notice have been complied with.

(n) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the shares. Every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Where any instrument of transfer of shares has been received by the Company for registration and the transfer of such shares has not been registered by the Company for any reason whatsoever, the Company shall transfer the Dividends in relation to such shares to a special account unless the Company is authorized by the registered holder of such shares, in writing, to pay such Dividends to the transferee and will keep in abeyance any offer of right shares and/or bonus shares in relation to such shares.

In case of transfer and transmission of shares or other marketable Securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act shall apply.

(o) Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with a properly stamped and executed instrument of transfer in accordance with the provisions of Section 56 of the Act.

(p) No fee shall be payable to the Company, in respect of the registration of transfer or transmission of shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents, sub division and/or consolidation of shares and Debentures and sub-divisions of letters of allotment, renounceable letters of right and split, consolidation, renewal and genuine transfer receipts into denomination corresponding to the market unit of trading.

(q) The Company shall incur no liability or responsibility whatsoever 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 of Members), to the prejudice of a Person or Persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, 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.

(r) The Company shall not register the transfer of its Securities in the name of the transferee(s) when the transferor(s) objects to the transfer.

Provided that the transferor serves on the Company, within sixty working days of raising the objection, a prohibitory order of a Court of competent jurisdiction.

(s) The Board may delegate the power of transfer of Securities to a committee or to compliance officer or to the registrar to an issue and/or share transfer agent(s).

Provided that the delegated authority shall report on transfer of Securities to the Board in each meeting.

(t) There shall be a common form of transfer in accordance with the Act and Rules.

(u) The provision of these Articles shall be subject to the applicable provisions of the Act, the Rules and any requirements of Law. Such provisions shall mutatis mutandis apply to the transfer or transmission by operation of Law to other Securities of the Company.

23. DEMATERIALIZATION OF SECURITIES

(a) Dematerialization:

Notwithstanding anything contained in these Articles, and subject to the applicable provisions of the Act, the Company shall be entitled to dematerialize its existing Securities, rematerialize its Securities held in the Depositories and/or to offer its fresh Securities in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(b) Subject to the applicable provisions of the Act, instead of issuing or receiving certificates for the Securities, as the case maybe, either the Company or the investor may exercise an option to issue, dematerialize, hold the Securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act as amended from time to time or any statutory modification thereto or re-enactment thereof.

(c) Notwithstanding anything contained in these Articles to the contrary, in the event the Securities of the Company are dematerialized, the Company shall issue appropriate instructions to the Depository not to Transfer the Securities of any Shareholder except in accordance with these Articles. The Company shall cause the Promoters to direct their respective Depository participants not to accept any instruction slip or delivery slip or other authorisation for Transfer in contravention of these Articles.

(d) If a Person opts to hold his Securities with a Depository, then notwithstanding anything to the contrary contained in these Articles the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

(e) Securities in Depositories to be in fungible form:

All Securities held by a Depository shall be dematerialized and be held in fungible form. Nothing contained in Sections 88, 89 and 186 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

(f) Rights of Depositories & Beneficial Owners:

(i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.

(ii) Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(iii) Every Person holding shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Shareholder of the Company.

(iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.

(g) Except as ordered by a court of competent jurisdiction or as may be required by Law required and subject to the applicable provisions of the Act, the Company shall be entitled to treat the Person whose name appears on the Register as the holder of any share or whose name appears as the Beneficial Owner of any share in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other Person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any share in the joint names of any two or more Persons or the survivor or survivors of them.

(h) Register and Index of Beneficial Owners:

The Company shall cause to be kept a register and index of members with details of shares and Debentures held in materialized and dematerialized forms in any media as may be permitted by Law including any form of electronic media.

The register and index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a register and index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a register resident in that state or country.

(i) Cancellation of Certificates upon surrender by Person:

Upon receipt of certificate of Securities on surrender by a Person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the Depository as the registered owner in respect of the said Securities and shall also inform the Depository accordingly.

(j) Service of Documents:

Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(k) Transfer of Securities:

(i) Nothing contained in Section 56 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

(ii) In the case of transfer or transmission of shares or other marketable Securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.

(l) Allotment of Securities dealt with in a Depository:

Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

(m) Certificate Number and other details of Securities in Depository:

Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

(n) Register and Index of Beneficial Owners:

The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Shareholders and Security-holders for the purposes of these Articles.

(o) Provisions of Articles to apply to Shares held in Depository:

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act.

(p) Depository to furnish information:

Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by Law and the Company in that behalf.

(q) Option to opt out in respect of any such Security:

If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of Securities to the Beneficial Owner or the transferee as the case may be.

(r) Overriding effect of this Article:

Provisions of this Article will have full effect and force not withstanding anything to the contrary or inconsistent contained in any other Articles.

24. NOMINATION BY SECURITIES HOLDERS

(a) Every holder of Securities of the Company may, at any time, nominate, in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a Person as his nominee in whom the Securities of the Company held by him shall vest in the event of his death.

(b) Where the Securities of the Company are held by more than one Person jointly, the joint holders may together nominate, in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a Person as their nominee in whom all the rights in the Securities Company shall vest in the event of death of all the joint holders.

(c) Notwithstanding anything contained in any other Law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the Securities of the Company, where a nomination made in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, purports to confer on any Person the right to vest the Securities of the Company, the nominee shall, on the death of the holder of Securities of the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in Securities of the holder or, as the case may be, of all the joint holders, in relation to such Securities of the Company to the exclusion of all other Persons, unless the nomination is varied or cancelled in the prescribed manner under the Companies (Share Capital and Debentures) Rules, 2014.

(d) Where the nominee is a minor, the holder of the Securities concerned, can make the nomination to appoint in prescribed manner under the Companies (Share Capital and Debentures) Rules, 2014, any Person to become entitled to the Securities of the Company in the event of his death, during the minority.

(e) The transmission of Securities of the Company by the holders of such Securities and transfer in case of nomination shall be subject to and in accordance with the provisions of the Companies (Share Capital and Debentures) Rules, 2014.

25. NOMINATION FOR FIXED DEPOSITS

A depositor (who shall be the member of the Company) may, at any time, make a nomination and the provisions of Section 72 of the Act shall, as far as may be, apply to the nominations made in relation to the deposits made subject to the provisions of the Rules as may be prescribed in this regard.

26. NOMINATION IN CERTAIN OTHER CASES

Subject to the applicable provisions of the Act and these Articles, any Person becoming entitled to Securities in consequence of the death, lunacy, bankruptcy or insolvency of any holder of Securities, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Securities or elect to have some Person nominated by him and approved by the Board registered as such holder; provided nevertheless that, if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Securities.

27. COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO SHAREHOLDERS

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 17 of the Act shall be sent by the Company to every Shareholder at his request within 7 (seven) days of the request on payment of such sum as prescribed under the Companies (Incorporation) Rules, 2014.

28. BORROWING POWERS

(a) Subject to the provisions of Sections 73, 179 and 180, and other applicable provisions of the Act and these Articles, the Board may, from time to time, at its discretion by resolution passed at the meeting of a Board:

(i) accept or renew deposits from Shareholders;

(ii) borrow money by way of issuance of Debentures;

(iii) borrow money otherwise than on Debentures;

(iv) accept deposits from Shareholders either in advance of calls or otherwise; and

(v) generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

Provided, however, that where the money to be borrowed together with the money already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the Paid-up Capital, free reserves and securities premium of the Company, the Board shall not borrow such money without the consent of the Company by way of a Special Resolution in a General Meeting.

(b) Subject to the provisions of these Articles, the payment or repayment of money borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the resolution of the Board shall prescribe including by the issue of bonds, perpetual or redeemable Debentures or debenture–stock, or any mortgage, charge, hypothecation, pledge, lien or other security on the undertaking of the whole or any part of the property of the Company, both present and future. Provided however that the Board shall not, except with the consent of the Company by way of a Special Resolution in General Meeting mortgage, charge or otherwise encumber, the Company's uncalled Capital for the time being or any part thereof and Debentures and other Securities may be assignable free from any equities between the Company and the Person to whom the same may be issued.

(c) Any bonds, Debentures, debenture-stock or other Securities may if permissible in Law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and on the condition that they or any part of them may be convertible into Equity Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, allotment of shares, appointment of Directors or otherwise. Provided that Debentures with rights to allotment of or conversion into Equity Shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a Special Resolution.

(d) [*]Subject to the applicable provisions of the Act and these Articles, if any uncalled Capital of the Company is included in or charged by any mortgage or other security, the Board shall make calls on the Shareholders in respect of such uncalled Capital in trust for the Person in whose favour such mortgage or security is executed, or if permitted by the Act, may authorize the Person in whose favour such mortgage or security is executed or any other Person in trust for him to make calls on the Shareholders in respect of such uncalled Capital and the provisions hereinafter contained in regard to calls shall *mutatis mutandis* apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally or either presently or contingently and either to the exclusion of the Board's power or otherwise and shall be assignable if expressed so to be.

(e) The Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages, Debentures and charges specifically affecting the property of the Company; and shall cause the requirements of the relevant provisions of the Act in that behalf to be duly complied with within the time

[*] 16th Annual General Meeting held on 11th July, 2019.

prescribed under the Act or such extensions thereof as may be permitted under the Act, as the case may be, so far as they are required to be complied with by the Board.

(f) Any capital required by the Company for its working capital and other capital funding requirements may be obtained in such form as decided by the Board from time to time.

(g) The Company shall also comply with the provisions of the Companies (Registration of Charges) Rules, 2014 in relation to the creation and registration of aforesaid charges by the Company.

29. SHARE WARRANTS

(a) The Company may issue share warrants subject to, and in accordance with, the provisions of Sections 114 and 115 of the Companies Act, 1956; and accordingly the Board may in its discretion, with respect to any Share which is fully Paid-up, on application in writing signed by the Persons 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 on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

(b) (i) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting and exercising the other privileges of a Shareholder at any meeting held after the expiry of 2 (two) clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposited warrant.

(ii) Not more than one person shall be recognised as depositor of the share warrant.

(iii) The Company shall, on 2 (two) days' written notice, return the deposited share warrant to the depositor.

(c) (i) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a Shareholder at a meeting of the Company, or be entitled to receive any notices from the Company.

(ii) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the Shareholder included in the warrant, and he shall be a Shareholder of the Company.

(d) The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

(e) The provisions contained under this Article shall cease to have effect post the notification of section 465 of the Act which shall repeal the provisions of Companies Act, 1956.

30. CONVERSION OF SHARES INTO STOCK AND RECONVERSION

(a) The Company in General Meeting may, by Ordinary Resolution, convert any Paid-up shares into stock and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interests, in the same manner and subject to the same regulations as those subject to which shares from which the stock arose might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The Company may, by an Ordinary Resolution, at any time reconvert any stock into Paid-up shares of any denomination. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however such minimum shall not exceed the nominal account 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 privileges or advantages, (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) Where the shares are converted into stock, such of the Articles as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock -holder" respectively.

31. ANNUAL GENERAL MEETING

In accordance with the provisions of the Act, the Company shall in each year hold a General Meeting specified as its Annual General Meeting and shall specify the meeting as such in the notices convening such meetings. Further, not more than 15 (fifteen) months gap shall exist between the date of one Annual General Meeting and the date of the next. All General Meetings other than Annual General Meetings shall be Extraordinary General Meetings.

32. WHEN ANNUAL GENERAL MEETING TO BE HELD

Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 96(1) of the Act to extend the time within which any Annual General Meeting may be held.

33. VENUE, DAY AND TIME FOR HOLDING ANNUAL GENERAL MEETING

(a) Every Annual General Meeting shall be called during business hours, that is, between 9 A.M. and 6 P.M. on a day that is not a national holiday, and shall be held at the Office of the Company or at some other place within the city, town or village in which the Office of the Company is situated, as the Board may determine and the notices calling the Meeting shall specify it as the Annual General Meeting.

(b) Every Shareholder of the Company shall be entitled to attend the Annual General Meeting either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table, the Directors' Report and Audited Statement of Accounts, Auditors' Report, (if not already incorporated in the Audited Statement of Accounts), the proxy Register with proxies and the Register of Directors' shareholdings which latter Register shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the Annual Return and forward the same to the concerned Registrar of Companies, in accordance with Sections 92 and 137 of the Act. The Directors are also entitled to attend the Annual General Meeting.

34. NOTICE OF GENERAL MEETINGS

(a) <u>Number of days' notice of General Meeting to be given</u>: A General Meeting of the Company may be called by giving not less than 21 (twenty one) days clear notice in writing or in electronic mode, excluding the day on which notice is served or deemed to be served (i.e., on expiry of 48 (forty eight) hours after the letter containing the same is posted). However, a General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than 95 (ninety five) percent of the Shareholders entitled to vote at that meeting.

The notice of every meeting shall be given to:

(a) every Shareholder, legal representative of any deceased Shareholder or the assignee of an insolvent member of the Company,

(b) Auditor or Auditors of the Company, and

(c) all Directors.

(b) <u>Notice of meeting to specify place, etc., and to contain statement of business</u>: Notice of every meeting of the Company shall specify the place, date, day and hour of the meeting, and shall contain a statement of the business to be transacted thereat shall be given in the manner prescribed under Section 102 of the Act.

(c) <u>Contents and manner of service of notice and Persons on whom it is to be served</u>: Every notice may be served by the Company on any Shareholder thereof either personally or by sending it by post to their/its registered address in India and if there be no registered address in India, to the address supplied by the Shareholder to the Company for giving the notice to the Shareholder.

(d) <u>Special Business</u>: Subject to the applicable provisions of the Act, where any items of business to be transacted at the meeting are deemed to be special, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including any particular nature of the concern or interest if any therein of every Director or manager (as defined under the provisions of the Act), if any or key managerial personnel (as defined under the provisions of the Act) or the relatives of any of the aforesaid and where any item of special business relates to or affects any other company, the extent of shareholding interest in that other company of every Director or manager (as defined under the provisions of the Act), if any or key managerial personnel (as defined under the provisions of the Act) or the relatives of any of the aforesaid of the first mentioned company shall also be set out in the statement if the extent of such interest is not less than 2 per cent of the paid up share capital of that other company. All business transacted at any meeting of the Company shall be deemed to be special and all business transacted at the Annual General Meeting of the Company with the exception of the business specified in Section 102 of the Act shall be deemed to be special.

(e) Resolution requiring Special Notice: With regard to resolutions in respect of which special notice is required to be given by the Act, a special notice shall be given as required by Section 115 of the Act.

(f) Notice of Adjourned Meeting when necessary: When a meeting is adjourned for 30 (thirty) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting in accordance with the applicable provisions of the Act.

(g) Notice when not necessary: Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

(h) The notice of the General Meeting shall comply with the provisions of Companies (Management and Administration) Rules, 2014.

35. REQUISITION OF EXTRAORDINARY GENERAL MEETING

(a) The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition received from such number of Shareholders who hold, on the date of receipt of the requisition, not less than one-tenth of such of the Paid up Share Capital of the Company as on that date carries the right of voting and such meeting shall be held at the Office or at such place and at such time as the Board thinks fit.

(b) Any valid requisition so made by Shareholders must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Office; provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

(c) Upon the receipt of any such valid requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within 21 (twenty-one) days from the date of the requisition being deposited at the Office to cause a meeting to be called on a day not later than 45 (forty-five) days from the date of deposit of the requisition, the requisitionists or such of their number as represent either a majority in value of the Paid up Share Capital held by all of them or not less than one-tenth of such of the Paid-up Share Capital of the Company as is referred to in Section 100 of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

(d) Any meeting called under the foregoing sub-articles by the requisitionists, shall be called in the same manner, as nearly as possible, as that in which a meeting is to be called by the Board.

(e) The accidental omission to give any such notice as aforesaid to any of the Shareholders, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.

(f) No General Meeting, Annual or Extraordinary, shall be competent to enter into, discuss or transact any business which has not been mentioned in the notice or notices by which it was convened.

(g) The Extraordinary General Meeting called under this Article shall be subject to and in accordance with the provisions contained under the Companies (Management and Administration) Rules, 2014.

36. NO BUSINESS TO BE TRANSACTED IN GENERAL MEETING IF QUORUM IS NOT PRESENT

The quorum for the Shareholders' Meeting shall be in accordance with Section 103 of the Act. Subject to the provisions of Section 103(2) of the Act, if such a quorum is not present within half an hour from the time set for the Shareholders' Meeting, the Shareholders' Meeting shall be adjourned to the same time and place or to such other date and such other time and place as the Board may determine and the agenda for the adjourned Shareholders' Meeting shall remain the same. If at such adjourned meeting also, a quorum is not present, at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum, and may transact the business for which the meeting was called.

37. CHAIRMAN OF THE GENERAL MEETING

The Chairman of the Board shall be entitled to take the Chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the Chair, then the Directors present shall elect one of them as Chairman. If no Director is present or if all the Directors present decline to take the Chair, then the Shareholders present shall elect, on a show of hands or on a poll if properly demanded, one of their member to be the Chairman of the meeting. No business shall be discussed at any General Meeting except the election of a Chairman while the Chair is vacant.

38. CHAIRMAN CAN ADJOURN THE GENERAL MEETING

The Chairman may, with the consent given in the meeting at which a quorum is present (and if so directed by the meeting) adjourn the General Meeting from time to time and from place to place within the city, town or village in which the Office of the Company is situate but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

39. QUESTIONS AT GENERAL MEETING HOW DECIDED

(a) At any General Meeting, a resolution put to the vote of the General Meeting shall, unless a poll is demanded, be decided by a show of hands. Before or on the declaration of the result of the voting on any resolution by a show of hands, a poll may be carried out in accordance with the applicable provisions of the Act or the voting is carried out electronically. Unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, of passing of such resolution or otherwise.

(b) In the case of equal votes, the Chairman shall both on a show of hands and at a poll, (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a Shareholder.

(c) If a poll is demanded as aforesaid, the same shall subject to anything stated in these Articles be taken at such time, (not later than forty-eight hours from the time when the demand was made), and place within the City, Town or Village in which the Office of the Company is situate and either by a show of hands or by ballot or by postal ballot, as the Chairman shall direct and either at once or after an interval or adjournment, or otherwise and the result of the poll shall be deemed to be the decision of the meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.

(d) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutinizers so appointed shall always be a Shareholder, (not being an officer or employee of the Company), present at the meeting provided such a Shareholder is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared, to remove a scrutinizer from office and fill vacancies in the office of scrutinizer arising from such removal or from any other cause.

(e) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment, shall be taken at the meeting forthwith. A poll demanded on any other question shall be taken at such time not later than 48 hours from the time of demand, as the Chairman of the meeting directs.

(f) The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

(g) No report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by these Articles or Section 118 of the Act to be contained in the Minutes of the proceedings of such meeting.

(h) The Shareholders will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

40. PASSING RESOLUTIONS BY POSTAL BALLOT

(a) Notwithstanding any of the provisions of these Articles, the Company may, and in the case of resolutions relating to such business as notified under the Companies (Management and Administration) Rules, 2014, as amended, or other Law required to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the General Meeting of the Company. Also, the Company may, in respect of any item of business other than ordinary business and any business in respect of which Directors or Auditors have a right to be heard at any meeting, transact the same by way of postal ballot.

(b) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under Section 110 of the Act and the Companies (Management and Administration) Rules, 2014, as amended from time and applicable Law.

41. VOTES OF SHAREHOLDERS

(a) No Shareholder shall be entitled to vote either personally or by proxy at any General Meeting or meeting of a class of Shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which 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.

(b) No shareholder shall be entitled to vote at a 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.

(c) Subject to the provisions of these Articles, without prejudice to any special privilege or restrictions as to voting for the time being attached to any class of shares for the time being forming a part of the Capital of the Company, every Shareholder not disqualified by the last preceding Article, shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands, every Shareholder present in person shall have one vote and upon a poll, the voting right of such Shareholder present, either in person or by proxy, shall be in proportion to his share of the Paid Up Share Capital of the Company held alone or jointly with any other Person or Persons.

Provided however, if any Shareholder holding preference shares be present at any meeting of the Company, save as provided in Section 47(2) of the Act, he shall have a right to vote only on resolutions placed before the Meeting, which directly affect the rights attached to his preference shares.

(d) On a poll taken at a meeting of the Company, a Shareholder entitled to more than one vote, or his proxy, or any other Person entitled to vote for him (as the case may be), need not, if he votes, use or cast all his votes in the same way.

(e) A Shareholder of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, through a committee or through his legal guardian; and any such committee or guardian may, on a poll vote by proxy. If any Shareholder be a minor his vote in respect of his Share(s) shall be exercised by his guardian(s), who may be selected (in case of dispute) by the Chairman of the meeting.

(f) If there be joint registered holders of any shares, any one of such Persons may vote at any meeting or may appoint another Person, (whether a Shareholder or not) as his proxy in respect of such shares, as if he were solely entitled thereto; but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint-holders be present at any meeting, then one of the said Persons so present whose name stands higher in the Register of Members shall alone be entitled to speak and to vote in respect of such shares, but the other joint-holders shall be entitled to be present at the meeting. Several Executors or Administrators of a deceased Shareholder in whose name shares stand shall for the purpose of these Articles be deemed joint-holders thereof.

(g) Subject to the provision of these Articles, votes may be given personally or by an attorney or by proxy. A body corporate, whether or not a Company within the meaning of the Act, being a Shareholder may vote either by a proxy or by a representative duly authorised in accordance with Section 113 of the Act and such representative shall be entitled to exercise the same rights and powers, (including the right to vote by proxy), on behalf of the body corporate which he represents as that body could have exercised if it were an individual Shareholder.

(h) Any Person entitled to transfer any shares of the Company may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to such shares and give such indemnity (if any) as the Board may require unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

(i) Every proxy, (whether a Shareholder or not), shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the Common Seal of such corporation or be signed by an officer or an attorney duly authorised by it, and any committee or guardian may appoint proxy. The proxy so appointed shall not have any right to speak at a meeting.

(j) An instrument of proxy may appoint a proxy either for (i) the purposes of a particular meeting (as specified in the instrument) or (ii) for any adjournment thereof or (iii) it may appoint a proxy for the purposes of every meeting of the Company, or (iv) of every meeting to be held before a date specified in the instrument for every adjournment of any such meeting.

(k) A Shareholder present by proxy shall be entitled to vote only on a poll.

(l) An instrument appointing a proxy and a power of attorney or other authority (including by way of a Board Resolution, (if any),) under which it is signed or a notarially certified copy of that power or authority or resolution as the case may be, shall be deposited at the Office not later than forty-eight hours before the time for holding the meeting at which the Person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date of its execution. An attorney shall not be entitled to vote unless the power of attorney or other instrument or resolution as the case may be appointing him or a notarially certified copy thereof has either been registered in the records of the Company at any time not less than forty-eight hours before the time for holding the meeting at which the attorney proposes to vote, or is deposited at the Office of the Company not less than forty-eight hours before the time fixed for such meeting as aforesaid. Notwithstanding that a power of attorney or other authority has been registered in the records of the Company, the Company may, by notice in writing addressed to the Shareholder or the attorney, given at least 48 (forty eight) hours before the meeting, require him to produce the original power of attorney or authority or resolution as the case may be and unless the same is deposited with the Company not less than forty-eight hours before the time fixed for the meeting, the attorney shall not be entitled to vote at such meeting unless the Board in their absolute discretion excuse such non-production and deposit.

(m) Every instrument of proxy whether for a specified meeting or otherwise should, as far as circumstances admit, be in any of the forms set out under Section 105 and other provisions of the Act and in the Companies (Management and Administration) Rules, 2014.

(n) If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meetings of the Company it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.

(o) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the Office before the meeting.

(p) No objection shall be made to the validity of any vote, except at the Meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

(q) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be in the sole judge of the validity of every vote tendered at such poll.

(i) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within 30 (thirty) days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

(ii) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of 30 (thirty) days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for that purpose.

(iii) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(iv) The Minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(v) All appointments of Directors of the Company made at any meeting aforesaid shall be included in the minutes of the meeting.

(vi) Nothing herein contained shall require or be deemed to require the inclusion in any such Minutes of any matter which in the opinion of the Chairman of the Meeting (i) is or could reasonably be regarded as, defamatory of any person, or (ii) is irrelevant or immaterial to the proceedings, or (iii) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the Minutes on the aforesaid grounds.

(vii) Any such Minutes shall be evidence of the proceedings recorded therein.

(viii) The book containing the Minutes of proceedings of General Meetings shall be kept at the Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines, for the inspection of any Shareholder without charge.

(ix) The Company shall cause minutes to be duly entered in books provided for the purpose of: -

a) the names of the Directors and Alternate Directors present at each General Meeting;

b) all Resolutions and proceedings of General Meeting.

(r) The Shareholders shall vote (whether in person or by proxy) all of the shares owned or held on record by them at any Annual or Extraordinary General Meeting of the Company called for the purpose of filling positions to the Board, appointed as a Director of the Company under Sections 152 and 164(1) of the Act in accordance with these Articles.

(s) The Shareholders will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

(t) All matters arising at a General Meeting of the Company, other than as specified in the Act or these Articles if any, shall be decided by a majority vote.

(u) The Shareholders shall exercise their voting rights as Shareholders of the Company to ensure that the Act or these Articles are implemented and acted upon by the Shareholders, and by the Company and to prevent the taking of any action by the Company or by any Shareholder, which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles.

(v) Any corporation which is a Shareholder of the Company may, by resolution of the Board or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorised 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 Shareholder in the Company (including the right to vote by proxy).

(w) The Company shall also provide e-voting facility to the Shareholders of the Company in terms of the provisions of the Companies (Management and Administration) Rules, 2014, the SEBI Listing Regulations or any other Law, if applicable to the Company.

42. DIRECTORS

(a) Subject to the applicable provisions of the Act, the number of Directors of the Company shall not be less than 3 (three) and not more than 15 (fifteen). The Company shall also comply with the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 and the provisions of the SEBI Listing Regulations. The Board shall have an optimum combination of executive and Independent Directors with at least 1 (one) woman Director, as may be prescribed by Law from time to time.

(b) At any time on and after the Listing Date and subject to Applicable Law and appropriate regulatory and corporate approvals, , including but not limited to approval of the shareholders of the Company, as approved by SEBI, the Investor Designee shall have the following rights:

(i) the Investor Designee/ Corporate Promoter shall be entitled to appoint 3 (three) persons as Directors, for so long as Investor 1 continues to hold at least 30% (thirty percent) of the total issued and fully paid-up equity share capital of the Company, calculated on a fully diluted basis;

(ii) the Investor Designee/ Corporate Promoter shall be entitled to appoint 2 (two) persons as Directors, for so long as Investor 1 continues to hold at least 20% (twenty percent) of the total issued and fully paid-up equity share capital of the Company, calculated on a fully diluted basis; and

(iii) the Investor Designee/ Corporate Promoter shall be entitled to appoint 1 (one) person as Director, for so long as Investor 1 continues to hold at least 5% (five percent) of the total issued and fully paid-up equity share capital of the Company, calculated on a fully diluted basis.

(Collectively, "**Investor Nominee Directors**" and individually "**Investor Nominee Director**")

(c) At any time on and after the Listing Date and subject to Applicable Law and appropriate regulatory and corporate approvals, including but not limited to approval of the shareholders of the Company, as approved by SEBI, the Individual Promoter shall have the following rights:

(i) for a period of 3 (three) years starting from the Listing Date, the Individual Promoter shall continue to be on the Board and have the right to appoint 1 (one) nominee director on the Board in addition to herself being on the Board, irrespective of the shareholding of the Individual Promoter in the Company and irrespective of the Individual Promoter holding the position of managing director in the Company; and

(ii) from the date which is 3 (three) years after the Listing Date, in the event that the Individual Promoter is not the Managing Director of the Company:

(I) the Individual Promoter shall be entitled to appoint 3 (three) persons as Directors, for so long as the Individual Promoter continues to hold at least 30% (thirty percent) of the total issued and fully paid-up equity share capital of the Company, calculated on a fully diluted basis;

(J) the Individual Promoter shall be entitled to appoint 2 (two) persons as Directors, for so long as Individual Promoter continues to hold at least 20% (twenty percent) of the total issued and fully paid-up equity share capital of the Company, calculated on a fully diluted basis; and

(K) the Individual Promoter shall be entitled to appoint 1 (one) person as Director, for so long as the Individual Promoter continues to hold at least 5% (five percent) of the total issued and fully paid-up equity share capital of the Company, calculated on a fully diluted basis. Further, the Individual Promoter shall continue to be on the Board so long as she continues to hold equal to or more than 5% (five percent) of the total issued and fully paid-up equity share capital of the Company.

(iii) From the date which is 3 (three) years after the Listing Date, in the event that the Individual Promoter is the Managing Director of the Company, the Individual Promoter shall continue to be on the Board and have the right to appoint 1 (one) nominee director on the Board in addition to herself being on the board, so long as the Individual Promoter continues to hold at least 2% (two percent) of the total issued and fully paid-up equity share capital of the Company, calculated on a fully diluted basis.

(Collectively, "**Individual Promoter Nominee Directors**" and individually "**Individual Promoter Nominee Director**")

43. CHAIRMAN OF THE BOARD OF DIRECTORS

(a) The members of the Board shall elect any one of them as the Chairman of the Board. The Chairman shall preside at all meetings of the Board and the General Meeting of the Company. The Chairman shall have a casting vote in the event of a tie.

(b) If for any reason the Chairman is not present at the meeting or is unwilling to act as Chairman, the members of the Board shall appoint any one of the remaining Directors as the Chairman.

44. APPOINTMENT OF ALTERNATE DIRECTORS

(a) Subject to Section 161 of the Act, any Director shall be entitled to nominate an alternate director to act for him during his absence for a period of not less than 3 (three) months. The Board may appoint such a person as an Alternate Director to act for a Director (hereinafter called "**the Original Director**") (subject to such person being acceptable to the Chairman) during the Original Director's absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article 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 office if and when the Original Director returns to the State. If the term of the office of the Original Director is determined before he so returns to the State, any provisions in the Act or in these Articles for automatic re-appointment shall apply to the Original Director and not to the Alternate Director.

(b) In the event the Investor Designee proposes to appoint an alternate Director (the "**Investor Designee Alternate Director**") to any Investor Nominee Director nominated by it (the "**Original Investor Designee Director**") the Board shall, upon receipt of notice to that effect from the Investor 1, appoint an Investor Designee Alternate Director in place of such Original Investor Designee Director. Upon the appointment of the Investor Designee Alternate Director, the Company shall ensure compliance with the provisions of the Act, including by filing necessary forms with the Registrar of Companies and filing necessary notifications. The Investor Designee shall also have a right to withdraw its nominated Investor Designee Alternate Director and nominate another Investor Designee Alternate Director in its place. The Investor Designee Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Investor Designee Director and generally to perform all functions of the Original Investor Designee Director in the absence of such Original Investor Designee Director.

(c) In the event the Individual Promoter proposes to appoint an alternate Director (the "**Individual Promoter Alternate Director**") to any Individual Promoter Nominee Director nominated by it (the "**Original Individual Promoter Nominee Director**") the Board shall, upon receipt of notice to that effect from the Individual Promoter, appoint an Individual Promoter Alternate Director in place of such Original Individual Promoter Nominee Director. Upon the appointment of the Individual Promoter Alternate Director, the Company shall ensure compliance with the provisions of the Act, including by filing necessary forms with the Registrar of Companies and filing necessary notifications. The Individual Promoter shall also have a right to withdraw her nominated Individual Promoter Alternate Director and nominate another Individual Promoter Alternate Director in his place. The Individual Promoter Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Individual Promoter Nominee Director and generally to perform all functions of the Original Individual Promoter Nominee Director in the absence of such Original Individual Promoter Nominee Director.

45. CASUAL VACANCY AND ADDITIONAL DIRECTORS

Subject to the applicable provisions of the Act and these Articles, the Board shall have the power at any time and from time to time to appoint any qualified Person to be a Director either as an addition to the Board or to fill a casual vacancy but so that the total number of Directors shall not at any time exceed the maximum number fixed under Article 42**.** Any Person so appointed as an addition shall hold office only up to the earlier of the date of the next Annual General Meeting or at the last date on which the Annual General Meeting should have been held but shall be eligible for appointment by the Company as a Director at that meeting subject to the applicable provisions of the Act.

46. DEBENTURE DIRECTORS

If it is provided by a trust deed, securing or otherwise, in connection with any issue of Debentures of the Company, that any Person/lender or Persons/lenders shall have power to nominate a Director of the Company, then in the case of any and every such issue of Debentures, the Person/lender or Persons/lenders having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to a Debenture Director. A Debenture Director may be removed from office at any time by the Person/lender or Persons/lenders in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The trust deed may contain ancillary provisions as may be arranged between the Company and the trustees and all such provisions shall have effect notwithstanding any other provisions contained herein.

47. INDEPENDENT DIRECTORS

The Company shall have such number of Independent Directors on the Board of the Company, as may be required in terms of the provisions of Section 149 of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 or any other Law, as may be applicable. Further, the appointment of such Independent Directors shall be in terms of the aforesaid provisions of Law and subject to the requirements prescribed under the SEBI Listing Regulations.

48. EQUAL POWER TO DIRECTOR

Except as otherwise provided in these Articles, the Act and the applicable Law, all the Directors of the Company shall have in all matters, equal rights and privileges and shall be subject to equal obligations and duties in respect of the affairs of the Company.

49. NOMINEE DIRECTORS

Whenever the Board enters into a contract with any lenders for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or enter into any other arrangement, the Board shall have, subject to the provisions of Section 152 of the Act the power to agree that such lenders shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the common loan agreement/ facility agreement. The nominee director representing lenders shall not be required to hold qualification shares and not be liable to retire by rotation. The Directors may also agree that any such Director, or Directors may be removed from time to time by the lenders entitled to appoint or nominate them and such lenders may appoint another or other or others in his or their place and also fill in any vacancy which may occur as a result of any such Director, or Directors ceasing to hold that office for any reason whatsoever. The nominee director shall hold office only so long as any monies remain owed by the Company to such lenders.

The nominee director shall be entitled to all the rights and privileges of other Directors including the sitting fees and expenses as payable to other Directors but, if any other fees, commission, monies or remuneration in any form are payable to the Directors, the fees, commission, monies and remuneration in relation to such nominee director shall accrue to the lenders and the same shall accordingly be paid by the Company directly to the lenders.

Provided that if any such nominee director is an officer of any of the lenders, the sittings fees in relation to such nominee director shall also accrue to the lenders concerned and the same shall accordingly be paid by the Company directly to that lenders.

Any expenditure that may be incurred by the lenders or the nominee director in connection with the appointment or directorship shall be borne by the Company.

The nominee director so appointed shall be a member of the project management sub-committee, audit sub-committee and other sub-committees of the Board, if so desired by the lenders.

The nominee director shall be entitled to receive all notices, agenda, etc. and to attend all general meetings and Board meetings and meetings of any committee(s) of the Board of which he is a member and to receive all notices, agenda and minutes, etc. of the said meeting.

If at any time, the nominee director is not able to attend a meeting of Board or any of its committees, of which he is a member, the lenders may depute an observer to attend the meeting. The expenses incurred by the lenders in this connection shall be borne by the Company.

50. NO QUALIFICATION SHARES FOR DIRECTORS

A Director shall not be required to hold any qualification shares of the Company.

51. REMUNERATION OF DIRECTORS

(a) Subject to the applicable provisions of the Act, the Rules, Law including the provisions of the SEBI Listing Regulations, a Managing Director or Managing Directors, and any other Director/s who is/are in the whole time employment of the Company may be paid remuneration either by a way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, subject to the limits prescribed under the Act.

(b) Subject to the applicable provisions of the Act, a Director (other than a Managing Director or an executive Director) may receive a sitting fee not exceeding such sum as may be prescribed by the Act or the central government from time to time for each meeting of the Board or any Committee thereof attended by him.

(c) The remuneration payable to each Director for every meeting of the Board or Committee of the Board attended by them shall be such sum as may be determined by the Board from time to time within the maximum limits prescribed from time to time by the Central Government pursuant to the first proviso to Section 197 of the Act.

(d) Subject to the provisions of the Act and these Articles. all fees/compensation to be paid to non-executive Directors including Independent Directors shall be as fixed by the Board and shall require the prior approval of the Shareholders in a General meeting. Such approval shall also specify the limits for the maximum number of stock options that can be granted to a non-executive Director, in any financial year, and in aggregate. However, such prior approval of the Shareholders shall not be required in relation to the payment of sitting fees to non-executive Directors if the same is made within the prescribed limits under the Act for payment of sitting fees with approval of Central Government. Notwithstanding anything contained in this article, the Independent Directors shall not be eligible to receive any stock options.

52. SPECIAL REMUNERATION FOR EXTRA SERVICES RENDERED BY A DIRECTOR

If any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board. Such remuneration may either be in addition, to or in substitution for his remuneration otherwise provided, subject to the applicable provisions of the Act.

53. TRAVEL EXPENSES OF DIRECTORS

The Board may allow and pay to any Director, who is not a bona fide resident of the place where the meetings of the Board/Committee meetings are ordinarily held; and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation for travelling, lodging and/ or other expenses, in addition to his fee for attending such Board / Committee meetings as above specified; and if any Director be called upon to go or reside out of his ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed travelling and other expenses incurred in connection with the business of the Company in accordance with the provisions of the Act.

54. CONTINUING DIRECTORS

The continuing Directors may act notwithstanding any vacancy in their body, but if, and so long as their number is reduced below the minimum number fixed by Article 42 hereof, the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number, or for summoning a General Meeting, but for no other purpose.

55. VACATION OF OFFICE BY DIRECTOR

(a) Subject to relevant provisions of Sections 167, and 188 other relevant provisions of the Act, the office of a Director, shall *ipso facto* be vacated if:

(i) he is found to be of unsound mind by a court of competent jurisdiction; or

(ii) he applies to be adjudicated an insolvent; or

(iii) he is adjudged an insolvent; or

(iv) he is convicted by a court of any offence involving moral turpitude or otherwise, and is sentenced in respect thereof to imprisonment for not less than 6 (six) months; or

(v) he fails to pay any calls made on him in respect of shares of the Company held by him whether alone or jointly with others, within 6 (six) months from the date fixed for the payment of such call; or

(vi) he absents himself from 3 (three) consecutive meetings of the Board or from all Meetings of the Board for a continuous period of 12 (twelve) months, whichever is longer, without obtaining leave of absence from the Board; or

(vii) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or

(viii) he acts in contravention of Section 184 of the Act; or

(ix) he becomes disqualified by an order of a court or the Tribunal; or

(x) he is removed in pursuance of Section 169 of the Act; or

(xi) he is disqualified under Section 164(2) of the Act.

Subject to the applicable provisions of the Act, a Director may resign his office at any time by notice in writing addressed to the Board and such resignation shall become effective upon its acceptance by the Board.

56. RELATED PARTY TRANSACTIONS

(a) Except with the consent of the Board or the Shareholders, as may be required in terms of the provisions of section 188 of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014, no company shall enter into any contract or arrangement with a 'related party' with respect to: :

(i) sale, purchase or supply of any goods or materials;

(ii) selling or otherwise disposing of, or buying, property of any kind;

(iii) leasing of property of any kind;

(iv) availing or rendering of any services;

(v) appointment of any agent for purchase or sale of goods, materials, services or property;

(vi) such Director's or its relative's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

(vii) underwriting the subscription of any securities or derivatives thereof, of the company:

without the consent of the Shareholders by way of a resolution in accordance with Section 188 of the Act.

(b) no Shareholder of the Company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the Company, if such Shareholder is a related party.

(c) nothing in this Article shall apply to any transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis

(d) The Director, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.

(e) The terms "office of profit" and "arm's length basis" shall have the meaning ascribed to them under Section 188 of the Act.

(f) The term 'related party' shall have the same meaning as ascribed to it under the Act.

(g) The compliance of the Companies (Meetings of Board and its Powers) Rules, 2014 shall be made for the aforesaid contracts and arrangements.

57. DISCLOSURE OF INTEREST

(a) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 184 of the Act; Provided that it shall not be necessary for a Director to disclose his concern or interest in any such contract or arrangement entered into or to be entered into with any other company where any of the Directors of the company or two or more of them together holds or hold not more than 2% (two per cent) of the Paid-up share capital in the other company or the Company as the case may be. A general notice given to the

Board by the Director, to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the Financial Year in which it is given but may be renewed for a further period of one Financial Year at a time by a fresh notice given in the last month of the Financial Year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

(b) No Director shall as a Director, take any part in the discussion of, vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangements; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void;

1. in his being a shareholder holding not more than 2 (two) per cent of its Paid-up share capital.

Subject to the provisions of Section 188 of the Act and other applicable provisions, if any, of the Act, any Director of the Company, any partner or relative of such Director, any firm in which such Director or a relative of such Director is a partner, any private company of which such Director is a director or member, and any director or manager of such private company, may hold any office or place of profit in the Company.

(c) The Company shall keep a Register in accordance with Section 189 of the Act and shall within the time specified therein enter therein such of the particulars as may be. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 57(a). The Register shall be kept at the Office of the Company and shall be open to inspection at such Office, and extracts may be taken therefrom and copies thereof may be required by any Shareholder of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 94 of the Act shall apply accordingly.

(d) A Director may be or become a Director of any company promoted by the Company, or on which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as director or shareholder of such company except in so far as Section 188 or Section 197 of the Act as may be applicable.

58. ONE-THIRD OF DIRECTORS TO RETIRE EVERY YEAR

In accordance with Section 152 of the Act, at the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the Managing Director, or the Director(s) appointed as a Debenture Director(s), or the Director(s) appointed as Independent Director(s) under Articles hereto shall not retire by rotation under this Article, shall they be included in calculating the total number of Directors of whom one thirds shall be liable to retire by rotation from office in terms of Section 152 of the Act.

59. PROCEDURE, IF PLACE OF RETIRING DIRECTORS IS NOT FILLED UP

(a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a national holiday, at the same time and place.

(b) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting, unless:-

(i) at that meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;

(ii) retiring Director has, by a notice in writing addressed to the Company or its Board , expressed his unwillingness to be so reappointed;

(iii) he is not qualified or is disqualified for appointment; or

(iv) a resolution, whether special or ordinary, is required for the appointment or reappointment by virtue of any applicable provisions of the Act; or

(v) Section 162 of the Act is applicable to the case.

60. COMPANY MAY INCREASE OR REDUCE THE NUMBER OF DIRECTORS.

Subject to Article 42 and Sections 149, 152 and 164 of the Act, the Company may, by Ordinary Resolution, from time to time, increase or reduce the number of Directors, and may alter their qualifications and the Company may, (subject to the provisions of Section 169 of the Act), remove any Director before the expiration of his period of office and appoint another qualified in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

61. REGISTER OF DIRECTORS ETC.

The Company shall keep at its Office, a Register containing the particulars of its Directors, Managing Directors, Manager, Secretaries and other Persons mentioned in Section 170 of the Act and shall otherwise comply with the provisions of the said Section in all respects.

The Company shall in respect of each of its Directors and key managerial personnel keep at its Office a Register, as required by Section 170 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.

62. DISCLOSURE BY DIRECTOR OF APPOINTMENT TO ANY OTHER BODY CORPORATE.

Every Director shall in accordance with the provisions of Companies (Meeting of Board and its Powers) Rules, 2014 shall disclose his concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association of individuals by giving a notice in accordance with such rules.

63. MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER

Subject to the provisions of Section 203 of the Act and of these Articles, the Board shall have the power to appoint from time to time any full time employee of the Company as Managing Director/ whole time director or executive director or manager of the Company. The Managing Director(s) or the whole time director(s) manager or executive director(s), as the case may be, so appointed, shall be responsible for and in charge of the day to day management and affairs of the Company and subject to the applicable provisions of the Act and these Articles, the Board shall vest in such Managing Director/s or the whole time director(s) or manager or executive director(s), as the case may be, all the powers vested in the Board generally. The remuneration of a Managing Director/ whole time director or executive director or manager may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all those modes or any other mode not expressly prohibited by the Act. Board, subject to the consent of the shareholders of the Company shall have the power to appoint Chairman of the Board as the Managing Director / whole time director or executive director of the Company.

64. PROVISIONS TO WHICH MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER ARE SUBJECT

Notwithstanding anything contained herein, a Managing Director(s) / whole time director(s) / executive director(s) / manager shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he ceases to hold the office of a Director he shall ipso facto and immediately cease to be a Managing Director(s) / whole time director(s) / executive director(s) / manager, and if he ceases to hold the office of a Managing Director(s) / whole time director(s) / executive director(s)/ manager he shall ipso facto and immediately cease to be a Director.

65. REMUNERATION OF MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER

The remuneration of the Managing Director(s) / whole time director(s) / executive director(s) / manager shall (subject to Sections 196, 197 and 203 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors, from time to time and may be by way of fixed salary and/or perquisites or commission or profits of the Company or by participation in such profits, or by any or all these modes or any other mode not expressly prohibited by the Act.

66. POWER AND DUTIES OF MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER

Subject to the superintendence, control and direction of the Board, the day-to-day management of the Company shall be in the hands of the Managing Director(s)/ whole time director(s) / executive director(s)/ manager s in the manner as deemed fit by the Board and subject to the applicable provisions of the Act, and these Articles, the Board may by resolution vest any such Managing Director(s)/ whole time director(s) / executive director(s)/ manager with such of the powers hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to the applicable provisions of the Act, and these Articles confer such power either collaterally with or to the exclusion of or in substitution for all or any of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

67. POWER TO BE EXERCISED BY THE BOARD ONLY BY MEETING

The Board shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolutions passed at the meeting of the Board: -

(a) to make calls on Shareholders in respect of money unpaid on their shares;

(b) to authorise buy-back of Securities under Section 68 of the Act;

(c) to issue Securities, including Debentures, whether in or outside India;

(d) to borrow money(ies);

(e) to invest the funds of the Company;

(f) to grant loans or give guarantee or provide security in respect of loans;

(g) to approve financial statements and the Board's report;

(h) to diversify the business of the Company;

(i) to approve amalgamation, merger or reconstruction;

(j) to take over a company or acquire a controlling or substantial stake in another company;

(k) fees/ compensation payable to non-executive directors including independent directors of the Company; and

(l) any other matter which may be prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014 and the SEBI Listing Regulations.

The Board may, by a resolution passed at a meeting, delegate to any Committee of Directors, the Managing Director, or to any person permitted by Law the powers specified in sub clauses (d) to (f) above.

The aforesaid powers shall be exercised in accordance with the provisions of the Companies (Meetings of Board and its Powers) Rules, 2014 and shall be subject to the provisions of section 180 of the Act.

In terms of and subject to the provisions of Section 180 of the Act, the Board may exercise the following powers subject to receipt of consent by the Company by way of a Special Resolution:

(a) to sell, lease or otherwise dispose of the whole or substantial part of the undertaking of the Company;

(b) to borrow money; and

(c) any such other matter as may be prescribed under the Act, the SEBI Listing Regulations and other applicable provisions of Law.

68. MAKING LIABILITY OF DIRECTORS UNLIMITED

The Company may, by Special Resolution in a General Meeting, alter its Memorandum of Association so as to render unlimited the liability of its Directors or of any Director or manager, in accordance with Section 323 of the Companies Act, 1956.

69. PROCEEDINGS OF THE BOARD OF DIRECTORS

(a) Board Meetings shall be held at least once in every 3 (three) month period and there shall be at least 4 (four) Board Meetings in any calendar year and there should not be a gap of more than 120 (one hundred twenty) days between two consecutive Board Meetings. Meetings shall be held at the Registered Office, or such a place as may be decided by the Board.

(b) The participation of Directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognising the participation of the Directors and of recording and storing the proceedings of such meetings along with date and time. However, such matters as provided under the Companies (Meetings of Board and its Powers) Rules, 2014 shall not be dealt with in a meeting through video conferencing or other audio visual means. Any meeting of the Board held through video conferencing or other audio visual means shall only be held in accordance with the Companies (Meetings of Board and its Powers) Rules, 2014.

(c) The Company Secretary or any other Director shall, as and when directed by the Chairman or a Director convene a meeting of the Board by giving a notice in writing to every Director in accordance with the provisions of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014.

(d) The Board may meet either at the Office of the Company, or at any other location in India or outside India as the Chairman or Director may determine.

(e) At least 7 (seven) days' notice of every meeting of the Board shall be given in writing to every Director for the time being at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic means. A meeting of the Board may be convened in accordance with these Articles by a shorter notice in case of any emergency as directed by the Chairman or the Managing Director or the Executive Director, as the case may be, subject to the presence of 1 (one) Independent Director in the said meeting. If an Independent Director is not present in the said meeting, then decisions taken at the said meeting shall be circulated to all the Directors and shall be final only upon ratification by one independent Director. Such notice or shorter notice may be sent by post or by fax or e-mail depending upon the circumstances.

(f) At any Board Meeting, each Director may exercise 1 (one) vote. The adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted Board Meeting.

70. QUORUM FOR BOARD MEETING

(a) <u>Quorum for Board Meetings</u>

Subject to the provisions of Section 174 of the Act, the quorum for each Board Meeting shall be one-third of its total strength or two directors, whichever is higher, and the presence of Directors by video conferencing or by other audio visual means shall also be counted for the purposes of calculating quorum.

At any time on and after Listing Date and subject to Applicable Law and appropriate corporate approvals, including but not limited to approval of the shareholders of the Company, as approved by SEBI, the quorum for all Board meetings of the Company shall require to have at least 1 (one) Individual Promoter Nominee Director and at least 1 (one) Investor Designee Nominee Director, who shall be required to be present throughout the meeting. Provided that where at any time the number of interested Directors exceeds or is equal to two- thirds of the total strength, the number of the remaining Directors, that is to say, the number of the Directors who are not interested present at the meeting being not less than two, shall be the quorum during such meeting.

If any duly convened Board Meeting cannot be held for want of a quorum, then such a meeting shall automatically stand adjourned for 7 (seven) days after the original meeting at the same time and place, or if that day is a national holiday, on the succeeding day which is not a public holiday to the same time and place. Provided however, the adjourned meeting may be held on such other date and such other place as may be unanimously agreed to by all the Directors in accordance with the provisions of the Act.

71. QUESTIONS AT THE BOARD MEETINGS HOW DECIDED

(a) Questions arising at any meeting of the Board, other than as specified in these Articles and the Act, if any, shall be decided by a majority vote. In the case of an equality of votes, the Chairman shall have a second or casting vote.

(b) No regulation made by the Company in General Meeting, shall invalidate any prior act of the Board, which would have been valid if that regulation had not been made.

72. ELECTION OF CHAIRMAN OF BOARD

(a) The Board may elect a chairman of its meeting and determine the period for which he is to hold office.

(b) If no such chairman is elected, or at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to be the chairman of the meeting.

73. POWERS OF THE BOARD

Subject to the applicable provisions of the Act, these Articles and other applicable provisions of Law: -

(a) The Board shall be entitled to exercise all such power and to do all such acts and things as the Company is authorised to exercise and do under the applicable provisions of the Act or by the Memorandum and Articles of Association of the Company.

(b) The Board is vested with the entire management and control of the Company, including as regards any and all decisions and resolutions to be passed, for and on behalf of the Company.

(c) Provided that the Board shall not, except with the consent of the Company by a Special Resolution:-

i. Sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking. The term ‘undertaking’ and the expression ‘substantially the whole of the undertaking’ shall have the meaning ascribed to them under the provisions of Section 180 of the Act;

ii. Remit, or give time for repayment of, any debt due by a Director;

iii. Invest otherwise than in trust securities the amount of compensation received by the Company as a result of any merger or amalgamation; and

iv. Borrow money(ies) where the money(ies) to be borrowed together with the money(ies) already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of businesses), will exceed the aggregate of the Paid-up Capital, free reserves and securities premium of the Company.

74. COMMITTEES AND DELEGATION BY THE BOARD

The Company shall constitute such Committees as may be required under the Act, applicable provisions of Law and the SEBI Listing Regulations. Without prejudice to the powers conferred by the other Articles and so as not to in any way to limit or restrict those powers, the Board may, subject to the provisions of Section 179 of the Act, delegate any of its powers to the Managing Director(s), the executive director(s) or manager or the chief executive officer of the Company. The Managing Director(s), the executive director(s) or the manager or the chief executive officer(s) as aforesaid shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on them by the Board and all acts done by them in exercise of the powers so delegated and in conformity with such regulations shall have the like force and effect as if done by the Board.

Subject to the applicable provisions of the Act, the requirements of Law and these Articles, the Board may delegate any of its powers to Committees of the Board consisting of such member or members of the Board as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to Persons or purposes. Every Committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under the last preceding Article.

The Board of the Company shall in accordance with the provisions of the Companies (Meetings of the Board and its Powers) Rules, 2014 or any other Law and the provisions of the SEBI Listing Regulations, form such committees as may be required under such rules in the manner specified therein, if the same are applicable to the Company.

At any time on and after the Listing Date and subject to Applicable Law and appropriate corporate approvals, including but not limited to approval of the shareholders of the Company, as approved by SEBI, each of the Audit Committee, the Risk Management Committee and the Nomination and Remuneration Committee shall have at least 1 (one) Individual Promoter Nominee Director and at least 1 (one) Investor Designee Nominee Director, as a member.

75. ACTS OF BOARD OR COMMITTEE VALID NOTWITHSTANDING INFORMAL APPOINTMENT

All acts undertaken at any meeting of the Board or of a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of such Director or Persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director . Provided that nothing in this Article shall be deemed to give validity to the acts undertaken by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

76. PASSING OF RESOLUTION BY CIRCULATION

No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft form, together with the necessary papers, if any, to all the Directors, or members of the Committee, as the case may be, at their addresses registered with the Company in India by hand delivery or by post or by courier, or through such electronic means as may be provided under the Companies (Meetings of Board and its Powers) Rules, 2014 and has been approved by majority of Directors or members of the Committee, who are entitled to vote on the resolution. However, in case one-third of the total number of Directors for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at a meeting of the Board.

A resolution mentioned above shall be noted at a subsequent meeting of the Board or the Committee thereof, as the case may be, and made part of the minutes of such meeting.

77. MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE BOARD

(a) The Company shall prepare minutes of each Board Meeting and the entries thereof in books kept for that purpose with their pages consecutively numbered. Such minutes shall contain a fair and correct summary of the proceedings conducted at the Board Meeting.

(b) The Company shall circulate the minutes of the meeting to each Director within 7 (seven) Business Days after the Board Meeting.

(c) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

(d) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(e) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat and shall also contain: -

  (i) all appointments of Officers;

  (ii) the names of the Directors present at each meeting of the Board;

  (iii) all resolutions and proceedings of the meetings of the Board;

  (iv) the names of the Directors, if any, dissenting from, or not concurring in, any resolution passed by the Board.

(f) Nothing contained in sub Articles (a) to (e) above shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting: -

(i) is or could reasonably be regarded as defamatory of any person;

(ii) is irrelevant or immaterial to the proceedings; or

(iii) is detrimental to the interests of the Company.

(g) The Chairman shall exercise absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in sub Article (f) above.

(h) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

(i) The minutes kept and recorded under this Article shall also comply with the provisions of Secretarial Standard 1 issued by the Institute of Company Secretaries of India constituted under the Company Secretaries Act, 1980 and approved as such by the Central Government and applicable provisions of the Act and Law.

78. REGISTER OF CHARGES

The Directors shall cause a proper register to be kept, in accordance with the applicable provisions of the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the applicable provisions of the Act in regard to the registration of mortgages and charges therein specified.

79. CHARGE OF UNCALLED CAPITAL

Where any uncalled capital of the Company is charged as security or other security is created on such uncalled capital, the Directors may authorize, subject to the applicable provisions of the Act and these Articles, making calls on the Shareholders in respect of such uncalled capital in trust for the Person in whose favour such charge is executed.

80. SUBSEQUENT ASSIGNS OF UNCALLED CAPITAL

Where any uncalled capital of the Company is charged, all Persons taking any subsequent charge thereon shall take the same subject to such prior charges and shall not be entitled to obtain priority over such prior charge.

81. CHARGE IN FAVOUR OF DIRECTOR FOR INDEMNITY

If the Director or any Person, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed, any mortgage, charge or security over or affecting the whole or part of the assets of the Company by way of indemnity to secure the Directors or other Persons so becoming liable as aforesaid from any loss in respect of such liability.

82. OFFICERS

(a) The Company shall have its own professional management and such officers shall be appointed from time to time as designated by its Board. The officers of the Company shall serve at the discretion of the Board.

(b) The officers of the Company shall be responsible for the implementation of the decisions of the Board, subject to the authority and directions of the Board and shall conduct the day to day business of the Company.

(c) The officers of the Company shall be the Persons in charge of and responsible to the Company for the conduct of the business of the Company and shall be concerned and responsible to ensure full and due compliance with all statutory laws, rules and regulations as are required to be complied with by the Company and/or by the Board of the Company.

(d) Qualified experienced managerial and marketing executives and other officers shall be appointed for the operation and conduct of the business of the Company.

(e) The Board shall appoint with the approval of the Chairman, the President and/or Chief Executive Officer and/or Chief Operating Officer of the Company, as well as persons who will be appointed to the posts of senior executive management.

83. THE SECRETARY

(a) Subject to the provisions of Section 203 of the Act, the Board may, from time to time, appoint any individual as Secretary of the Company to perform such functions, which by the Act or these Articles for the time being of the Company are to be performed by the Secretary and to execute any other duties which may from time to time be assigned to him by the Board. The Board may confer upon the Secretary so appointed any powers and duties as are not by the Act or by these Articles required to be exercised by the Board and may from time to time revoke, withdraw, alter or vary all or any of them. The Board may also at any time appoint some individual (who need not be the Secretary), to maintain the Registers required to be kept by the Company.

(b) The Secretary shall be an individual responsible to ensure that there shall be no default, non-compliance, failure, refusal or contravention of any of the applicable provisions of the Act, or any rules, regulations or directions which the Company is required to conform to or which the Board of the Company are required to conform to and shall be designated as such and be the officer in default.

84. DIRECTORS' & OFFICERS' LIABILITY INSURANCE

Subject to the provisions of the Act and Law, the Company shall procure, at its own cost, comprehensive directors and officers liability insurance for each Director which shall not form a part of the remuneration payable to the Directors in the circumstances described under Section 197 of the Act: -

(a) on terms approved by the Board;

(b) which includes each Director as a policyholder;

(c) is from an internationally recognised insurer approved by the Board; and

(d) for a coverage for claims of an amount as may be decided by the Board, from time to time.

85. ACCOUNTS

(a) The Company shall prepare and keep at the Office books of accounts or other relevant books and papers and financial statements for every financial year which give a true and fair view of the state of affairs of the Company, including its branch office or offices, if any, in accordance with the Act, Rules and as required under the applicable Law, and explain the transactions effected both at the Office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting.

(b) Where the Board decides to keep all or any of the books of account at any place other than the Office, the Company shall, within 7 (seven) days of the decision, file with the Registrar, a notice in writing giving the full address of that other place. The Company may also keep such books of accounts or other relevant papers in electronic mode in accordance with the provisions of the Act.

(c) The Company shall preserve in good order the books of account relating to a period of not less than eight years preceding the current year.

(d) When the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper books of account relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns made up to dates at intervals of not more than three months, are sent by the branch office to the Company at its office or at the other place in India, at which the Company's books of account are kept as aforesaid.

(e) No Shareholder (not being a Director) shall have any right of inspecting any account or books or documents of the Company except specified under the Act and Law.

(f) In accordance with the provisions of the Act, along with the financial statements laid before the Shareholders, there shall be laid a 'Board's report' which shall include:

(i) the extract of the annual return as provided under sub-section (3) of Section 92 of the Act;

(ii) number of meetings of the Board;

(iii) Directors' responsibility statement as per the provisions of Section 134 (5) of the Act;

(iv) a statement on declaration given by Independent Directors under sub-section (6) of Section 149 of the Act;

(v) in the event applicable, as specified under sub-section (1) of Section 178 of the Act, Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178 of the Act;

(vi) explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made-

1. by the auditor in his report; and

2. by the company secretary in practice in his secretarial audit report;

(vii) particulars of loans, guarantees or investments under Section 186 of the Act;

(viii) particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 in the prescribed form;

(ix) the state of the Company's affairs;

(x) the amounts, if any, which it proposes to carry to any reserves;

(xi) the amount, if any, which it recommends should be paid by way of Dividends;

(xii) material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report;

(xiii) the conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed;

(xiv) a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company;

(xv) the details about the policy developed and implemented by the Company on corporate social responsibility initiatives taken during the year;

(xvi) a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual Directors, as may be prescribed for listed companies; and

(xvii) such other matters as may be prescribed under the Law, from time to time.

(g) All the aforesaid books shall give a fair and true view of the affairs of the Company or its branch office, as the case may be, with respect to the matters herein and explain its transactions.

(h) The Company shall comply with the requirements of Section 136 of the Act.

86. AUDIT AND AUDITORS

(a) Auditors shall be appointed and their rights and duties shall be regulated in accordance with Sections 139 to 147 of the Act and as specified under Law.

(b) Every account of the Company when audited shall be approved by a General Meeting and shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected, and henceforth shall be conclusive.

(c) Every balance sheet and profit and loss account shall be audited by one or more Auditors to be appointed as hereinafter set out.

(d) The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until conclusion of the next Annual General Meeting and every Auditor so appointed shall be intimated of his appointment within 7 (seven) days.

(e) Where at an Annual General Meeting, no Auditors are appointed, the Central Government may appoint a person to fill the vacancy and fix the remuneration to be paid to him by the Company for his services.

(f) The Company shall within 7 (seven) days of the Central Government's power under sub clause (b) becoming exercisable, give notice of that fact to the Government.

(g) The Directors may fill any casual vacancy in the office of an Auditor but while any such vacancy continues, the remaining auditors (if any) may act. Where such a vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.

(h) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless special notice of a resolution of appointment of that person to the office of Auditor has been given by a Shareholder to the Company not less than 14 (fourteen) days before the meeting in accordance with Section 115 of the Act, and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the Shareholders in accordance with provisions of Section 115 of the Act and all the other provision of Section 140 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that a retiring auditor shall not be re-appointed.

(i) The persons qualified for appointment as Auditors shall be only those referred to in Section 141 of the Act.

(j) None of the persons mentioned in Section 141 of the Act as are not qualified for appointment as auditors shall be appointed as Auditors of the Company.

87. AUDIT OF BRANCH OFFICES

The Company shall comply with the applicable provisions of the Act and the Companies (Audit and Auditor) Rules, 2014 in relation to the audit of the accounts of branch offices of the Company.

88. REMUNERATION OF AUDITORS

The remuneration of the Auditors shall be fixed by the Company as authorized in General Meeting from time to time in accordance with the provisions of the Act and the Companies (Audit and Auditor) Rules, 2014.

89. DOCUMENTS AND NOTICES

(a) A document or notice may be given or served by the Company to or on any Shareholder whether having his registered address within or outside India either personally or by sending it by post to him to his registered address.

(b) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a Shareholder has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due or by cable or telegram and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall be deemed to be effected unless it is sent in the manner intimated by the Shareholder. Such service shall be deemed to have effected in the case of a notice of a meeting, at the expiration of forty eight hours after the letter containing the document or notice is posted or after a telegram has been dispatched and in any case, at the time at which the letter would be delivered in the ordinary course of post or the cable or telegram would be transmitted in the ordinary course.

(c) A document or notice may be given or served by the Company to or on the joint-holders of a Share by giving or serving the document or notice to or on the joint-holder named first in the Register of Members in respect of the Share.

(d) Every Person, who by operation of Law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which previous to his name and address being entered on the Register of Members, shall have been duly served on or given to the Person from whom he derives his title to such Share.

(e) Any document or notice to be given or served by the Company may be signed by a Director or the Secretary or some Person duly authorised by the Board for such purpose and the signature thereto may be written, printed, photostat or lithographed.

(f) All documents or notices to be given or served by Shareholders on or to the Company or to any officer thereof shall be served or given by sending the same to the Company or officer at the Office by post under a certificate of posting or by registered post or by leaving it at the Office.

(g) Where a Document is sent by electronic mail, service thereof shall be deemed to be effected properly, where a shareholder has registered his electronic mail address with the Company and has intimated the Company that documents should be sent to his registered email address, without acknowledgement due. Provided that the Company, shall provide each shareholder an opportunity to register his email address and change therein from time to time with the Company or the concerned Depository. The Company shall fulfill all conditions required by Law, in this regard.

90. SHAREHOLDERS TO NOTIFY ADDRESS IN INDIA

Each registered Shareholder from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place of residence.

91. SERVICE ON SHAREHOLDERS HAVING NO REGISTERED ADDRESS

If a Shareholder does not have registered address in India, and has not supplied to the Company any address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighbourhood of Office of the Company shall be deemed to be duly served to him on the day on which the advertisement appears.

92. SERVICE ON PERSONS ACQUIRING SHARES ON DEATH OR INSOLVENCY OF SHAREHOLDERS

A document may be served by the Company on the Persons entitled to a share in consequence of the death or insolvency of a Shareholders by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the Persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

93. PERSONS ENTITLED TO NOTICE OF GENERAL MEETINGS

Subject to the applicable provisions of the Act and these Articles, notice of General Meeting shall be given:

(i) To the Shareholders of the Company as provided by these Articles.

(ii) To the persons entitled to a share in consequence of the death or insolvency of a Shareholder.

(iii) To the Auditors for the time being of the Company; in the manner authorized by as in the case of any Shareholder of the Company.

94. NOTICE BY ADVERTISEMENT

Subject to the applicable provisions of the Act, any document required to be served or sent by the Company on or to the Shareholders, or any of them and not expressly provided for by these Articles, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the District in which the Office is situated.

95. DIVIDEND POLICY

(a) The profits of the Company, subject to any special rights relating thereto being created or authorised to be created by the Memorandum or these Articles and subject to the provisions of these Articles shall be divisible among the Shareholders in proportion to the amount of Capital Paid-up or credited as Paid-up and to the period during the year for which the Capital is Paid-up on the shares held by them respectively. Provided always that, (subject as aforesaid), any Capital Paid-up on a Share during the period in respect of which a Dividend is declared, shall unless the Directors otherwise determine, only entitle the holder of such Share to an apportioned amount of such Dividend as from the date of payment.

(b) Subject to the provisions of Section 123 of the Act the Company in General Meeting may declare Dividends, to be paid to Shareholders according to their respective rights and interests in the profits. No Dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may, declare a smaller Dividend, and may fix the time for payments not exceeding 30 (thirty) days from the declaration thereof.

(c) (i) No Dividend shall be declared or paid otherwise than out of profits of the Financial Year arrived at after providing for depreciation in accordance with the provisions of Section 123 of the Act or out of the profits of the Company for any previous Financial Year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both, provided that in computing profits any amount representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value shall be excluded. The Company shall not declare Dividend unless carried over previous losses and depreciation not provided in previous Financial Year or years are set off against profit of the Company for the Financial Year for which the Dividend is proposed to be declared. Where the Company proposes to declare dividend out of the accumulated profits earned by it in previous years and transferred by the company to the free reserves, owing to inadequacy or absence of profits in the Financial Year for which the Dividends are proposed to be declared, such declaration of Dividend shall not be made except in accordance with provisions of the Act and the Rules.

(ii) The declaration of the Board as to the amount of the net profits shall be conclusive.

(d) The Board may, from time to time, pay to the Shareholders such interim Dividend as in their judgment the position of the Company justifies in accordance with the provisions of the Section 123 of the Act.

(e) Where Capital is paid in advance of calls upon the footing that the same shall carry interest, such Capital shall not whilst carrying interest, confer a right to participate in profits or Dividend.

(f) (i) Subject to the rights of Persons, if any, entitled to shares with special rights as to Dividend, all Dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof Dividend is paid but if and so long as nothing is paid upon any shares in the Company, Dividends may be declared and paid according to the amount of the shares.

(ii) No amount paid or credited as paid on shares in advance of calls shall be treated for the purpose of this regulation as paid on shares.

(iii) All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the Dividend is paid, but if any shares are issued on terms providing that it shall rank for Dividend as from a particular date such shares shall rank for Dividend accordingly.

(g) Subject to the applicable provisions of the Act and these Articles, the Board may retain the Dividends payable upon shares in respect of any Person, until such Person shall have become a Shareholder, in respect of such shares or until such shares shall have been duly transferred to him.

(h) Any one of several Persons who are registered as the joint-holders of any Share may give effectual receipts for all Dividends or bonus and payments on account of Dividends or bonus or sale proceeds of fractional certificates or other money(ies) payable in respect of such shares.

(i) Subject to the applicable provisions of the Act, no Shareholder shall be entitled to receive payment of any interest or Dividends in respect of his Share(s), whilst any money may be due or owing from him to the Company in respect of such Share(s); either alone or jointly with any other Person or Persons; and the Board may deduct from the interest or Dividend payable to any such Shareholder all sums of money so due from him to the Company.

(j) Subject to Section 126 of the Act, a transfer of shares shall not pass the right to any Dividend declared thereon before the registration of the transfer.

(k) Unless otherwise directed any Dividend shall be paid through electronic mode of payment facility approved by the Reserve Bank of India. Where it is not possible to use electronic mode of payment, dividend may be paid by ‘payable at par’ cheques or warrants sent by post or courier or by any other legally permissible means to the registered address of the Shareholder or Person entitled or in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent and in case of joint-holders to that one of them first named in the

Register of Members in respect of the joint-holding. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any Dividend lost to a Shareholder or Person entitled thereto, by a forged endorsement of any cheque or warrant or a forged signature on any pay slip or receipt of a fraudulent recovery of Dividend. If 2 (two) or more Persons are registered as joint-holders of any Share(s) any one of them can give effectual receipts for any money(ies) payable in respect thereof. Several Executors or Administrators of a deceased Shareholder in whose sole name any Share stands shall for the purposes of this Article be deemed to be joint-holders thereof.

(l) No unpaid Dividend shall bear interest as against the Company.

(m) Any General Meeting declaring a Dividend may on the recommendation of the Board, make a call on the Shareholders of such amount as the General Meeting fixes, but so that the call on each Shareholder shall not exceed the Dividend payable to him, and so that the call will be made payable at the same time as the Dividend; and the Dividend may, if so arranged as between the Company and the Shareholders, be set-off against such calls.

(n) Notwithstanding anything contained in this Article, the dividend policy of the Company shall be governed by the applicable provisions of the Act and Law.

(o) The Company may pay dividends on shares in proportion to the amount Paid-up on each Share in accordance with Section 51 of the Act.

96. UNPAID OR UNCLAIMED DIVIDEND

(a) If the Company has declared a Dividend but which has not been paid or the Dividend warrant in respect thereof has not been posted or sent within 30 (thirty) days from the date of declaration, transfer the total amount of dividend, which remained unpaid or unclaimed within 7 (seven) days from the date of expiry of the said period of 30 (thirty) days to a special account to be opened by the Company in that behalf in any scheduled bank or private sector bank.

(b) Any money so transferred to the unpaid Dividend account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the Fund established under sub-section (1) of Section 125 of the Act, viz. “Investors Education and Protection Fund”.

(c) No unpaid or unclaimed Dividend shall be forfeited by the Board before the claim becomes barred by Law and such forfeiture, if effected, shall be annulled in appropriate cases.

97. CAPITALIZATION OF PROFITS

The Company in General Meeting may, upon the recommendation of the Board, resolve:

(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company’s reserve accounts or to the credit of the Company’s profit and loss account or otherwise, as available for distribution, and

(b) that such sum be accordingly set free from distribution in the manner specified herein below in sub-article (c) as amongst the Shareholders who would have been entitled thereto, if distributed by way of Dividends and in the same proportions.

(c) The sum aforesaid shall not be paid in cash but shall be applied either in or towards:

   (i) paying up any amounts for the time being unpaid on any shares held by such Shareholders respectively;

   (ii) paying up in full, un-issued shares of the Company to be allotted, distributed and credited as fully Paid up, to and amongst such Shareholders in the proportions aforesaid; or

   (iii) partly in the way specified in sub-article (i) and partly in the way specified in sub-article (ii).

(d) A share premium account may be applied as per Section 52 of the Act, and a capital redemption reserve account may, duly be applied in paying up of unissued shares to be issued to Shareholders of the Company as fully paid bonus shares.

98. RESOLUTION FOR CAPITALISATION OF RESERVES AND ISSUE OF FRACTIONAL CERTIFICATE

(a) The Board shall give effect to a Resolution passed by the Company in pursuance of this Article.

(b) Whenever such a Resolution as aforesaid shall have been passed, the Board shall:

(i) make all appropriation and applications of undivided profits (resolved to be capitalized thereby), and all allotments and issues of fully paid shares or Securities, if any; and

(ii) generally do all acts and things required to give effect thereto.

(c) 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 fraction; and

ii. to authorize any Person, on behalf of all the Shareholders entitled thereto, to enter into an agreement with the Company providing for the allotment to such Shareholders, credited as fully Paid up, of any further shares or Debentures to which they may be entitled upon such capitalization or (as the case may require) for the payment of by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any parts of the amounts remaining unpaid on the shares.

(d) Any agreement made under such authority shall be effective and binding on all such shareholders.

99. DISTRIBUTION OF ASSETS IN SPECIE OR KIND UPON WINDING UP

(a) If the company shall be wound up , the liquidator may, with the sanction of a special Resolution of the company and any other sanction required by the Act divide amongst the shareholders, 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 Shareholders or different classes of Shareholders.

(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 Shareholder shall be compelled to accept any shares or other Securities whereon there is any liability.

100. DIRECTOR'S AND OTHER'S RIGHTS TO INDEMNITY

Subject to the provisions of Section 197 of the Act, every Director, manager and other Officer or employee of the Company shall be indemnified by the Company against any liability incurred by him and it shall be the duty of the Directors to pay out from the funds of the Company all costs, losses and expenses which any Director, manager, Officer or employee may incur or become liable to by reason of any contact entered into by him on behalf of the Company or in any way in the discharge of his duties and in particular, and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, manager, Officer or employee in defending any proceedings, whether civil or criminal in which judgement is given in his favour or he is acquitted or in connection with any application under Section 463 of the Act in which relief is granted by the court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the Shareholders over all the claims.

101. DIRECTOR'S ETC. NOT LIABLE FOR CERTAIN ACTS

Subject to the provision of Section 197 of the Act, no Director, manager, Officer or employee of the Company shall be liable for the acts, defaults, receipts and neglects of any other Director, manager, Officer or employee or for joining in any receipts or other acts for the sake of conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any Person with whom any monies, securities or effects shall be deposited or for any loss occasioned by an error of judgement or oversight on his part, or for any other loss, damage or misfortune whatsoever which shall happen in the execution thereof unless the same shall happen through negligence, default, misfeasance, breach of duty or breach of trust. Without prejudice to the generality foregoing it is hereby expressly declared that any filing fee payable or any document required to be filed with the registrar of the companies in respect of any act done or required to be done by any Director or other Officer by reason of his holding the said office shall be paid and borne by the Company.

102. INSPECTION BY SHAREHOLDERS

The register of charges, register of investments, register of shareholders, books of accounts and the minutes of the meeting of the Board and Shareholders shall be kept at the Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines for inspection of any Shareholder without charge. In the event such Shareholder conducting inspection of the abovementioned documents requires extracts of the same, the Company may charge a fee which shall not exceed Rupees ten per page or such other limit as may be prescribed under the Act or other applicable provisions of law.

103. AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company may amend its Memorandum of Association and Articles of Association in accordance with Sections 13, 14 and 15 of the Act and such other provisions of Law, as may be applicable from time-to-time. The shareholders shall vote for all the equity shares owned or held on record by such shareholders at any annual or extraordinary General meeting of the company in accordance with these Articles.

(a) The shareholders shall not pass any resolution or take any decision which is contrary to any of the terms of these Articles.

(b) The Articles of the company shall not be amended unless (i) Shareholders holding not less than 75% of the Equity shares (and who are entitled to attend and vote) cast votes in favour of each such amendment/s to the Articles.

104. SECRECY

No Shareholder shall be entitled to inspect the Company’s work without permission of the Managing Director/Directors or to require discovery of any information respectively any details of Company’s trading or any matter which is or may be in the nature of a trade secret, history of trade or secret process which may be related to the conduct of the business of the Company and which in the opinion of the Managing Director/Directors will be inexpedient in the interest of the Shareholders of the Company to communicate to the public.

105. DUTIES OF THE OFFICER TO OBSERVE SECRECY

Every Director, Managing Directors, manager, Secretary, Auditor, trustee, members of the committee, Officer, servant, agent, accountant or other Persons employed in the business of the Company shall, if so required by the Director before entering upon his duties, or any time during his term of office, sign a declaration pledging himself to observe secrecy relating to all transactions of the Company and the state of accounts and in matters relating thereto and shall by such declaration pledge himself not to reveal any of such matters which may come to his knowledge in the discharge of his official duties except which are required so to do by the Directors or the Auditors, or by resolution of the Company in the general meeting or by a court of law and except so far as may be necessary in order to comply with any of the provision of these Articles or Law. Nothing herein contained shall affect the powers of the Central Government or any officer appointed by the government to require or to hold an investigation into the Company’s affair.

106. PROVISIONS OF THE COMPANIES ACT, 1956 SHALL CEASE TO HAVE EFFECT

Notwithstanding anything contained in these Articles, the provisions of the Companies Act, 1956, as are mentioned under these articles shall cease to have any effect once the said provisions are repealed upon notification of the corresponding provisions under the Act.

PART II

Part II of these Articles includes the rights and obligations of the shareholders of the Company.

In the event of any inconsistency between Part I and Part II of these Articles, the provisions of Part II of these Articles shall prevail. Part II of these Articles shall automatically terminate and cease to have any force and effect and deemed to fall away on and from the date of listing of the Equity Shares on a stock exchange in India, subsequent to an initial public offering of the Equity Shares, without any further action by the Company or its shareholders

TABLE'F' TO APPLY

1. These Articles shall be called the Articles of Association of Spandana Sphoorty Financial Limited.

2. Unless otherwise specified the "Company" shall mean Spandana Sphoorty Financial Limited.

Subject as provided hereunder, the regulations contained in Table F of Schedule 1 of the Companies Act, 2013 shall apply to this Company in so far as they are applicable to a Public Company limited by Shares. The proviso in Regulation 13(i),Regulation 20(a) and Regulation 65 contained in Table F shall not apply to the Company.

1 DEFINITIONS & INTERPRETATION

1.1 Definitions:

In these Articles, except where the context otherwise requires, (i) capitalised terms defined by inclusion in quotations and/or parenthesis have the meanings so ascribed; and (ii) the following words and expressions shall have the following meanings:

"**The Company**" or "**This Company**" means Spandana Sphoorty Financial Limited.

"**Acceptance Notice**" shall have the meaning ascribed to such term under Article 14.4.3(c).

"**Accounts**" means the audited balance sheet and the audited statements of profit and loss of the Company for a Financial Year.

"**Act**" means the Companies Act, 2013, to the extent notified, and the Companies Act, 1956, to the extent not repealed, and all amendments or statutory modifications thereto or re-enactment thereof, except where otherwise expressly provided.

"**Affiliate**" of a Person (the "**Subject Person**") means (i) in the case of any Subject Person other than a natural Person, any other Person that, either directly or indirectly through one or more intermediate Persons, Controls, is Controlled by or is under common Control with the Subject Person, and (ii) in relation to a natural person, any Immediate Family of such natural person and any other Person that, either directly or indirectly, is Controlled by the Subject Person. In relation to JM, Valiant and each of the Investors, the term 'Affiliate' would also include entities which are wholly owned, Controlled or managed by such Party, any of their Affiliates or by the general partner or investment manager of such Party. Without limiting the generality of the foregoing, the term "Affiliate" in relation to JM shall include (a) any Person that Controls or acquires Control of JM; (b) JM Financial Investment Managers Limited or its Affiliate; (c) any fund (either present or in future) or trust, where JM Financial Investment Managers Limited and/or its Affiliate(s) is an investment manager or sponsor. Notwithstanding the above, for purposes of these Articles, the portfolio companies of the Investors, JM, Valiant or their respective Affiliates (including the Company) shall not be deemed to be an Affiliate of such Party.

"**Agreed ESOP Scheme**" shall have the meaning ascribed to such term under Article 19.9.1.

"**Allocation Notice**" shall have the meaning ascribed to such term under Article 13.1.4.

"**Alternate Director**" shall have the meaning ascribed to such term under Article 10.3.6.

"**Anti-Corruption Laws**" means all applicable laws and regulations relating to anti-bribery or anti-corruption (including, without limitation, the United States Foreign Corrupt Practices Act of 1977 and the UK Bribery Act 2010, each as amended).

"**Articles**" means these articles of association of the Company, as amended from time to time.

"**Audit Report**" shall have the meaning ascribed to such term under Article 16.3.

"**Big Four Accounting Firms**" means any of the Indian affiliates or associates of: (a) Deloitte Touche Tohmatsu; (b) KPMG; (c) Price Waterhouse Coopers; or (d) EY (formerly, Ernst & Young).

"**Board**" shall mean the board of Directors of the Company, as constituted from time to time, in accordance with applicable Law and the Charter Documents.

"**Business**" shall mean business of providing microfinance loans and such other business activities (assets of which represent at least 10% (ten percent) of the Company's total assets) undertaken by the Company, its Subsidiaries and its Group Companies, from time to time.

"**Business Day**" means any day other than (i) Saturdays and Sundays, and (ii) any days on which commercial banks in Mauritius, Mumbai or Hyderabad, India are closed.

"**Business Plan**" means the business plan and operating budget for a Financial Year which shall contain the operating performance budget, funding requirements and sources through debt and equity, capital expenditure, operating costs, revenue, expansion of the business of the Company into new states, commencement of new products amongst other key performance indicators.

"**CAR**" shall have the meaning ascribed to such term under Article 13.3.

"**CAR Issuance**" shall have the meaning ascribed to such term under Article 13.3.

"**Charter Documents**" means Memorandum and Articles of the Company.

"**Committees**" shall have the meaning ascribed to such term under Article 10.6.1.

"**Company Liquidation Event**" shall mean any liquidation, winding up, dissolution, insolvency, whether voluntary or involuntary, of the Company.

"**Competing Business**" shall mean any business or activity in India which is the same or competes with the Business.

"**Competitor**" means any Person that engages in the Competing Business.

"**Conforming of Rights**" shall have the meaning ascribed to such term under Article 15.1.10.

"**Consent**" means any notice, consent, approval, authorization, waiver, permit, grant, concession, clearance, license, certificate, exemption, order, registration declaration, filing, report or notice, of, with or to, as the case may be, by any Person (including any Governmental Authority).

"**Contract**" means all written contracts, agreements, engagements, leases, financial instruments, memoranda of understanding, term sheets, undertakings and other written contractual arrangements.

"**Control**" (together with its correlative meanings, "**Controlled by**" and "**under common Control with**", etc.) means, with respect to any Person (the "**Subject Person**"), the possession, directly or indirectly, of: (i) the power to direct or cause the direction of management or policies of the Subject Person (whether through ownership of voting securities or partnership or other ownership interests, by Contract or otherwise), (ii) the right to appoint the majority of the directors, or (iii) more than 50% (fifty percent) of the shareholding or ownership or capital contribution of the Subject Person.

"**D&O Policy**" shall mean a directors' and officers' liability insurance policy issued by an insurance company acceptable to the Investors, in respect of all claims or liabilities resulting from the actions or omissions of a Director to the extent permitted by Law, on terms and conditions acceptable to the Investors.

"**Deed of Adherence**" means a deed to be executed by the transferee of any Equity Securities substantially in the form set out in **Schedule 2** of the Shareholders' Agreement.

"**Director**" means any director of the Company, including alternate directors, appointed in accordance with applicable Law and these Articles.

"**Director Undertaking**" shall have the meaning ascribed to such term under Article 15.1.6.

"**Drag Along Sale**" shall have the meaning ascribed to such term under Article 15.3.2.

"**Drag Notice**" shall have the meaning ascribed to such term under Article 15.3.3.

"**Drag Price**" shall have the meaning ascribed to such term under Article 15.3.3.

"**Drag Securities**" shall have the meaning ascribed to such term under Article 15.3.2.

"**Drag Transferee**" shall have the meaning ascribed to such term under Article 15.3.2.

"**Drag Trigger Date**" means the period commencing at the expiry of 18 (eighteen) months from the Effective Date.

"**Effective Date**" means March 31, 2017.

"**Encumbrance**" means (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law, (ii) any voting agreement, interest, option, right of first offer, refusal or transfer restriction, including any non-disposal undertaking or lock-in, in favour of any Person, and (iii) any adverse claim as to title, possession or use.

"**Equity Shares**" means the fully paid up equity shares of the Company each (i) with a face value of INR 10 (Rupees ten), and (ii) carrying 1 (one) vote per equity share.

"**Equity Share Capital**" means the total issued and fully paid-up equity share capital of the Company, calculated on a Fully Diluted Basis.

"**Equity Securities**" means Equity Shares or any other securities, debentures, warrants or options that are, directly or indirectly convertible into, or exercisable or exchangeable into or for Equity Shares.

"**ESOP Scheme**" means the Company's employee stock option plan/ scheme to be approved and adopted by the Board, from time to time after the Effective Date, and includes the Agreed ESOP Scheme.

"**Excess New Securities**" shall have the meaning ascribed to such term under Article 13.1.3.

"**Existing Shareholder**" means each of the Shareholders of the Company, excluding the Investors.

"**Family-Owned Business Group**" means each of the group mentioned in **Schedule 8** of the Shareholders' Agreement.

"**Financial Year**" means a period of 12 (twelve) months commencing from 1st April of any calendar year and ending on the 31st March of the next calendar year, unless otherwise decided by the Company, Investor 1 and the Promoter, in accordance with applicable Laws.

"**First Adjourned Board Meeting**" shall have the meaning ascribed to such term under Article 10.9.2.

"**First Adjourned Shareholders Meeting**" shall have the meaning ascribed to such term under Article 11.7.1.

"**First Tranche Promoter Secondary Sale Shares**" means 3,89,849 (three lakhs eighty nine thousand eight hundred and forty nine) Equity Shares held by the Promoter to be sold to the Investors, within 25 (twenty five) days from the Effective Date, or such other date as may be mutually agreed between the Promoter and the Investors, in accordance with the terms set out in the Promoter Purchase Agreement.

[*]"**Fully Diluted Basis**" means, in reference to any calculation, that the calculation should be made in relation to the equity share capital of any Person, assuming that all outstanding convertible preference shares or debentures, options, warrants and other Equity Securities convertible into or exercisable or exchangeable for Equity Shares (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged to the maximum number of Equity Shares possible under the terms thereof, provided that the following shall not be taken into account for the purposes of determining Fully Diluted Basis: (i) ESOPs or Equity Securities issued pursuant to exercise of ESOPs; (ii) any adjustments for dilution for the Investors pursuant to Article 13.2 (Anti-Dilution), except for determining Fully Diluted Basis for the Investors; (iii) any Equity Securities issued pursuant to the Restructuring and (iv) Promoter Warrants issued to the Promoters.

"**Governmental Approval**" means any Consent of, from or to any Governmental Authority.

"**Governmental Authority**" means any nation or government or any province, state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any agency, department, board, commission or

[*] Amended vide special resolution at the Extra-ordinary General Meeting of the Company held on 6th March, 2018

instrumentality of India or any political subdivision thereof or any other jurisdiction, any court, tribunal or arbitrator and any securities exchange or body or authority regulating such securities exchange.

[**]"**Group Companies**" means Abhiram Marketing Services Limited and such other Companies which become Group Company from time to time, in terms of the various laws applicable to the Company.

"**Helion**" means Helion Venture Partners LLC.

"**Helion II**" means Helion Venture Partners II LLC.

"**Immediate Family**" means in relation to a natural Person, the spouse, children (biological and adopted) of such Person.

"**Investor 1**" means Kangchenjunga Limited.

"**Investor 2**" means Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1.

"**Investors**" means collectively Investor 1 and Investor 2.

"**Investor Designee**" means Kedaara Capital I Limited or any Affiliate of Kedaara Capital I Limited that may be intimated in writing by Investor 1 to the Company and the Promoter.

"**Investor Entry Price**" means INR 235.48 (Rupees two hundred thirty five and paise forty eight only).

"**Investor Lower Valuation**" shall have the meaning ascribed to such term under Article 13.2.

"**Investor Nominee Directors**" shall have the meaning ascribed to such term under Article 10.3.2.

"**Investor Offer Notice**" shall have the meaning ascribed to such term under Article 14.5.2.

"**Investor Offer Price**" shall have the meaning ascribed to such term under Article 14.5.2.

"**Investor Proposed Transfer**" shall have the meaning ascribed to such term under Article 14.3.5(c).

"**Investor Purchase Agreement**" shall have the same meaning ascribed to such term under the Shareholders' Agreement.

"**Investor Reserved Matters**" means the matters set out in **Schedule 1**.

"**Investor ROFO**" shall have the meaning ascribed to such term under Article 14.5.1.

"**Investor ROFO Acceptance Notice**" shall have the meaning ascribed to such term under Article 14.5.3.

"**Investor ROFO Notice**" shall have the meaning ascribed to such term under Article 14.5.1.

"**Investor ROFO Period**" shall have the meaning ascribed to such term under Article 14.5.2.

"**Investor ROFO Securities**" shall have the meaning ascribed to such term under Article 14.5.1.

"**Investor Securities**" means the Equity Securities held by the Investors, from time to time.

"**Investor Tag Along Offer Period**" shall have the meaning ascribed to such term under Article 14.3.5(e).

"**Investor Transfer**" shall have the meaning ascribed to such term under Article 14.11.1.

"**Investor Transferee**" shall have the meaning ascribed to such term under Article 14.3.4.

"**Investor Transfer Notice**" shall have the meaning ascribed to such term under Article 14.3.5(d).

[**] Substituted vide special resolution at the 16th Annual General Meeting of the Company held on 11th July, 2019.

"**Independent Director**" means a Director who would be considered to be an 'independent director' as per applicable Law.

"**Indian GAAP**" means the generally accepted accounting standards and principles which are recommended by the Institute of Chartered Accountants of India and applied by companies in India in the preparation of their financial statements from time to time and consistently applied and shall also include such other accounting standards and principles as may be made applicable from time to time.

"**IPO Costs**" shall have the meaning ascribed to such term under Article 15.1.9.

"**IPO Trigger Date**" means the period commencing at the end of 6 (six) months from the Effective Date.

"**JM**" means JM Financial Trustee Company Private Limited on behalf of JM Financial India Fund III, having its registered office at 141, Maker Chambers III, Nariman Point, Mumbai – 400 021.

"**JM Nominee Directors**" shall have the meaning ascribed to such term under Article 10.3.2.

"**JM Purchase Agreement**" means the share purchase agreement dated as of March 29, 2017 executed by and among the Investors, JM, the Company and JM Financial Investment Managers Limited.

"**JM Reserved Matters**" means the matters set out in **Schedule 3**.

"**JM Threshold**" shall mean 6.75% (six point seven five percent) of the Equity Share Capital held, whether individually or collectively, by JM and/or its Permitted Transferees.

"**JM Transferee**" means any Person to whom JM transfers Equity Securities aggregating 6.75% (six point seven five percent) or more of the Equity Share Capital, in accordance with the terms of these Articles.

"**Key Managerial Personnel**" means the chief executive officer, the managing director, the chief financial officer, company secretary, Mr. Feroz Khan, and all employees directly reporting to the managing director of the Company.

"**Law**" means all applicable:

a. statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines or policies of any applicable jurisdiction; and

b. administrative interpretation, writ, injunction, directions, directives, judgment, arbitral award, decree, orders or Governmental Approvals of, or agreements with, any Governmental Authority or recognized stock exchange,

as may be in force from time to time.

"**Liquidation Preference**" shall have the meaning ascribed to such term under Article 19.3.1.

"**Lok Purchase Agreement**" means the share purchase agreement to be entered into between Lok, the Investors and the Company for the purchase by the Investors of the Equity Shares held by Lok in the Company.

"**Lok**" means Lok Advisory Services Private Limited.

"**Losses**" means all actual and direct losses, claims, demands, liabilities, obligations (whether general or special), fines, expenses, damages including interests and penalties with respect thereto and out-of-pocket expenses, including reasonable attorneys' and accountants' fees and disbursements.

"**Managing Director**" shall have the meaning ascribed to such term under Article 10.5.

"**Memorandum**" means the memorandum of association of the Company, as amended from time to time.

"**New Securities**" shall have the meaning ascribed to such term under Article 13.1.1.

"**New Securities Issuance Price**" shall have the meaning ascribed to such term under Article 13.1.2.

"**Nominee Director(s)**" means the Director(s) nominated by the Shareholders, entitled to such nomination, to be appointed to the Board by the Company in accordance with the provisions of these Articles, and shall include Investor Nominee Directors, JM Nominee Director and the Promoter Nominee Directors.

"**Observer**" shall have the meaning ascribed to such term under Article 10.3.7.

"**OCCRPS Purchase Agreement**" shall have the same meaning ascribed to such term under the Shareholders' Agreement.

"**Offeree**" shall have the meaning ascribed to such term under Article 14.4.3(a).

"**Offer Period**" shall have the meaning ascribed to such term under Article 14.4.3(b).

"**Offer Price**" shall have the meaning ascribed to such term under Article 14.4.3(a).

"**Offered Securities**" shall have the meaning ascribed to such term under Article 14.4.3(a).

"**Office**" means the registered office for the time being of the Company.

"**Ordinary Course of Business**" shall mean the ordinary course of business consistent with past custom and practice, but only to the extent consistent with applicable Law.

"**OTPP**" means 1925784 Ontario Limited, which is as of the Effective Date, a shareholder of Investor 1.

"**Party**" or "**Parties**" has the meaning ascribed to the terms in the Shareholders' Agreement.

"**Permitted Transferee**" means, at the relevant time:

a. in relation to the Promoter Group: (i) a member of the Immediate Family of such Promoter Group, and (ii) an entity (other than a trust) which the relevant Promoter Group owns and Controls 100% (one hundred percent) of the legal and beneficial ownership, right, title and interest; (iii) a trust of which the Promoter Group or any of the foregoing is a 100% (one hundred percent) beneficiary;

b. in relation to the Investors, means an Affiliate of the Investors and with respect to Investor 1, for as long as OTPP is a shareholder of Investor 1, shall also include OTPP and its Affiliates; and

c. In relation to the Shareholders that are not natural persons (except the Investor), an Affiliate of such Shareholder.

"**Person**" means a natural person, limited or unlimited liability company, corporation, partnership, Governmental Authority, proprietorship, unincorporated association or organization, trust or other entity, including, without limitation, a Hindu undivided family or any other entity that may be treated as a person under applicable Law.

"**Pre-Emptive Exercise Notice"** shall have the meaning ascribed to such term under Article 13.1.3.

"**Pre-Emptive Offer Notice**" shall have the meaning ascribed to such term under Article 13.1.2.

"**Pre-Emptive Offer Period**" shall have the meaning ascribed to such term under Article 13.1.3.

"**Pricing Period**" shall have the meaning ascribed to such term under Article 13.1.10(i).

"**Promoter**" means Mrs. Padmaja Reddy Gangireddy.

"**Promoter Group**" means Mrs. Padmaja Reddy Gangireddy and VSR.

"**Pro Rata Percentage**" means the proportion of the Equity Securities proposed to be transferred by a particular Shareholder to the total Equity Securities held by the said Shareholder, on a Fully Diluted Basis.

"**Pro Rata Share**" with respect to any Shareholder, means the respective proportions in which the Equity Share Capital of the Company is held, from time to time, by the Shareholder.

"**Promoter Minimum Shares**" means (i) for a period of 3 (three) years from the Effective Date, 6.75% (six point seven five percent) of the Equity Share Capital as of (A) the Effective Date (if Second Tranche Completion is not consummated), or (B) the Second Tranche Completion Date (if Second Tranche Completion is consummated); and (ii) after a period of 3 (three) years from the Effective Date, 4% (four percent) of the Equity Share Capital as on the relevant date.

"**Promoter Nominee Directors**" shall have the meaning ascribed to such term under Article 10.3.2.

"**Promoter Proposed Transfer**" shall have the meaning ascribed to such term under Article 14.4.4(a).

"**Promoter Proposed Transferee**" shall have the meaning ascribed to such term under Article 14.4.4(a).

"**Promoter Purchase Agreement**" means the share purchase agreement to be entered into between the Promoter, the Investors and the Company for the purchase by the Investors of the Promoter Secondary Sale Shares.

"**Promoter Reserved Matters**" means the matters set out in **Schedule 2** of these Articles.

"**Promoter Sale Securities**" shall have the meaning ascribed to such term under Article 14.4.4(a).

"**Promoter Secondary Sale**" means (i) the sale by the Promoter of 3,89,849 (three lakhs eighty nine thousand eight hundred and forty nine) Equity Shares held by her to the Investors, within 25 (twenty five) days from the Effective Date, or such other date as may be mutually agreed between the Promoter and the Investors, and (ii) the sale by the Promoter of up to 6,24,665 (six lakhs twenty four thousand six hundred and sixty five only) Equity Shares between April 1, 2018 and April 30, 2018, or any such date as may be mutually agreed between the Promoter and the Investors; in both cases in accordance with the terms set out in the Promoter Purchase Agreement.

"**Promoter Secondary Sale Shares**" means First Tranche Promoter Secondary Sale Shares and the Second Tranche Promoter Secondary Sale Shares collectively.

"**Promoter Tag Along Offer Period**" shall have the meaning ascribed to such term under Article 14.4.4(c).

"**Promoter Tag Along Response**" shall have the meaning ascribed to such term under Article 14.4.4(c).

"**Promoter Transfer Notice**" shall have the meaning ascribed to such term under Article 14.4.4(b).

*"**Promoter Warrants**" means 14,88,544 (Fourteen lakh eighty eight thousand five hundred forty four) warrants issued to the Promoter and having such terms as approved by the Board in its meeting dated February 16, 2018."

"**Proposed Issuance**" shall have the meaning ascribed to such term under Article 13.1.2.

"**Proposed Recipient"** shall have the meaning ascribed to such term under Article 13.1.5.

"**Recognized Stock Exchanges**" means BSE Limited, the National Stock Exchange of India Limited or other stock exchange, acceptable to Investor 1 and the Promoter.

"**Related Party**" means, in relation to the Company: (i) any Shareholder of the Company and each of its respective Affiliates and with respect to the Promoter Group, shall also include any Relative of the Promoter Group and any other Person that, either directly or indirectly, is Controlled by such Relative, (ii) any Director of the Company, (iv) any Key Managerial Personnel of the Company, (v) any Affiliate of the Company, (vi) any Group Company, (viii) except for the Promoter Group, the Immediate Family of any Shareholder of the Company, Director, or Key Managerial Personnel of the Company. For the purpose of this definition, "Affiliate" shall also include entities in which the concerned Person has at least 26% (twenty six percent) of the shareholding or ownership or capital contribution of such entity.

"**Related Party Contract**" means a Contract between the Company and its Related Party.

"**Relative**" shall have the meaning ascribed to the term in the Act.

"**Remaining Shareholders**" shall have the meaning ascribed to such term under Article 15.3.2.

"**Representatives**" means and includes a Party's directors, officers or employees, advisors, counsels, accountants and other consultants.

* Amended vide special resolution at the Extra-ordinary General Meeting of the Company held on 6th March, 2018

"**Reserved Matter(s)**" means any of the Investor Reserved Matters and/ or the Promoter Reserved Matters and/ or JM Reserved Matters.

"**Restructuring**" means any one or more transactions involving the Group Companies and the Company, undertaken in order to achieve the Restructuring Objective.

"**Restructuring Objective**" means the economic consolidation of the businesses of the Group Companies with the Business of the Company.

"**Right of First Refusal**" shall have the meaning ascribed to such term under Article 14.4.3.

"**ROFO Seller**" shall have the meaning ascribed to such term under Article 14.5.1. "**SEBI**" means the Securities and Exchange Board of India.

"**SEBI Regulations**" shall have the meaning ascribed to such term under Article 15.1.1.

"**Second Adjourned Board Meeting**" shall have the meaning ascribed to such term under Article 10.9.3.

"**Second Adjourned Shareholders Meeting**" shall have the meaning ascribed to such term under Article 11.7.2.

"**Second Tranche Promoter Secondary Sale Shares**" means up to 6,24,665 (six lakhs twenty four thousand six hundred and sixty five) Equity Shares held by the Promoter to be sold to the Investors between April 1, 2018 and April 30, 2018, or any such date as may be mutually agreed between the Promoter and the Investors, in accordance with the terms set out in the Promoter Purchase Agreement.

"**Second Tranche Completion Date**" shall have the meaning ascribed to it in the SSA.

"**Shareholder**" means any Person who holds any Equity Securities (other than the holders of stock options pursuant to any ESOP Scheme) from time to time.

"**Shareholders' Agreement**" means the Shareholders' Agreement dated March 29, 2017 entered into by and among the Company, Padmaja Reddy, Vijaya Siva Rami Reddy Vendidandi, Bala Deepti Gangireddy, Spandana Employees Welfare Trust, Lok Advisory Services Private Limited, Valiant Mauritius Partners FDI Limited, Helion Venture Partners II LLC, Helion Venture Partners LLC, JM and the Investors.

"**SSA**" means the Share Subscription Agreement dated March 29, 2017 entered into among the Company, the Promoter and the Investors.

"**Strategic Sale**" shall have the meaning ascribed to such term under Article 15.2.1.

"**Subscribing Shareholder**" shall have the meaning ascribed to such term under Article 13.1.3.

"**Subscription Date"** shall have the meaning ascribed to such term under Article 13.1.4.

"**Subsidiaries**" means a subsidiary within the meaning of the Act, whether now existing, or incorporated or invested into by the Company at any time after the Agreement Date (as defined in the Shareholders' Agreement).

"**Tag Along Consideration**" means the amount equal to the Tag Along Securities multiplied by the Tag Along Price.

"**Tag Along Price**" means the price per Equity Security at which the selling Shareholder proposes to Transfer the Equity Security to a third party transferee as so negotiated between them.

"**Tag Along Response**" shall have the meaning ascribed to such term under Article 14.3.5(e).

"**Tag Along Right**" of a Shareholder means the right but not the obligation of such Shareholder to sell Equity Securities held by it in the event of a proposed Transfer of Equity Securities by one or more other Shareholders.

"**Tag Along Securities**" means the number of Equity Securities offered by the respective Shareholder(s) under the Tag Along Response to be Transferred to the third party transferee on exercise of their Tag Along Right.

"**Tag Transferor**" shall have the meaning ascribed to such term under Article 14.3.5(d).

"**Tax**" means all forms of taxation, duties, levies, imposts, whether direct or indirect, whether central, state or local, including without limitation corporate income–tax, wage withholding tax, fringe benefit tax, value added tax, customs and excise duties, dividend tax, real estate taxes, other municipal taxes and duties, environmental taxes and duties and any other type of taxes or duties, due, payable, levied, imposed upon or claimed to be owed by virtue of any applicable national, regional or local law or regulation and which may be due directly or by virtue of joint and several liability in any relevant jurisdiction (together with any interest, penalties, surcharges, cess or fines relating to them).

"**Third Party Price**" shall have the meaning ascribed to such term under Article 13.1.5.

"**Transaction Documents**" means:

a. the Shareholders' Agreement;

b. the SSA;

c. Investor Purchase Agreement;

d. JM Purchase Agreement;

e. Promoter Purchase Agreement;

f. Promoter Subscription Agreement;

g. OCCRPS Purchase Agreement;

h. Lok Purchase Agreement;

i. any other agreement, instrument, document or deed entered into, or to be entered into, or delivered in connection with the transactions contemplated in the foregoing.

"**Transfer**" means to sell, give, assign, transfer any interest in trust, mortgage, alienation, encumber, grant a security interest in, amalgamate, merge or suffer to exist (whether by operation of law or otherwise) any Encumbrance on, any securities, shares or interests (including, in relation to the Company, Equity Securities) or any right, title or interest therein or otherwise dispose of securities, shares or interests (including, in relation to the Company, Equity Securities) in any manner whatsoever voluntarily or involuntarily.

"**Transfer Notice**" shall have the meaning ascribed to such term under Article 14.4.3(a).

"**Transferee**" shall have the meaning ascribed to such term under Article 14.4.3(a).

"**Valiant**" means Valiant Mauritius Partners FDI Limited.

"**Valuer**" shall have the meaning ascribed to such term under Article 13.1.10(ii).

"**Variation Notice**" shall have the meaning ascribed to such term under Article 13.1.9.

"**VSR**" means Mr. Vijaya Siva Rami Reddy Vendidandi.

"**Valiant**" shall mean Valiant Mauritius Partners FDI Limited, a company organized under the laws of Mauritius, and having its registered office at Suite 2005, Level 2A, Alexander House, 35 Cybercity, Ebene, Mauritius.

"**These Articles**" or "**these Articles**" shall mean these Articles of Association of the Company as modified from time to time in accordance with the terms hereof.

1.2 <u>Interpretation:</u>

In these Articles, unless otherwise specified:

(i) The terms referred to in these Articles shall, unless defined otherwise or inconsistent with the context or meaning thereof, bear the meaning ascribed to them under the relevant statute/ legislation.

(ii) References to the number or percentage of Equity Securities held by the Investor herein shall mean and include the Equity Securities of both Investor 1 and Investor 2.

(iii) Except as provided in Article 21.2, references to a Party shall, where the context permits, include such Party's respective successors, legal heirs and permitted assigns.

(iv) The descriptive headings of Articles are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of content thereof and shall not be used to interpret the provisions of these Articles and shall not affect the construction of these Articles.

(v) Words importing the singular include the plural and vice versa, pronouns importing a gender include each of the masculine, feminine and neuter genders, and where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.

(vi) Wherever the words "include," "includes," or "including" is used in these Articles, such words shall be deemed to be followed by the words "without limitation".

(vii) The terms "hereof", "herein", "hereto", "hereunder" or similar expressions used in these Articles mean and refer to these Articles and not to any particular Article of these Articles, unless expressly stated otherwise.

(viii) Any date or period as set out in any Article of these Articles (i) may, subject to applicable Law, be extended with the written consent of the Parties, and (ii) shall be of the essence.

(ix) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of such period is not a Business Day; and whenever any payment is to be made or action to be taken under these Articles is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following.

(x) The words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any right or interest in or to assets and properties of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

(xi) All references in these Articles to statutory provisions shall be construed as meaning and including references to:

(a) Any statutory modification, consolidation or re-enactment made after the Effective Date and for the time being in force;

(b) All statutory instruments or orders made pursuant to a statutory provision;

(c) Any statutory provisions of which these statutory provisions are a consolidation, re-enactment or modification.

(xii) Any reference in these Articles, to these Articles or any other agreement or document shall be construed, without limitation, as a reference to these Articles or, as the case may be, such other agreement or document, in each case as the same may have been, or may from time to time be, amended, varied, assigned, novated, acceded to or supplemented and any reference to any statutory provision shall include such provision and any regulations made thereunder and any statutory re-enactment, modification or replacement thereof.

(xiii) Any reference to shares of the Company including calculation on a Fully Diluted Basis shall be so calculated taking into account any alteration of the entire Equity Share Capital of the Company pursuant to issue of bonus shares, stock split, sub-division, consolidation or any similar corporate action with respect to the Equity Share Capital.

(xiv) Where a consent is required in respect of any matter from any Party, such consent may be granted or withheld at the sole discretion of such Party, and if granted, shall be granted subject to such terms and conditions as such Party may, at such time, deem fit to impose.

(xv) Any reference to "writing" shall include printing, typing, lithography and other means of reproducing words in visible form.

(xvi) Notwithstanding anything to the contrary, any time limits specified in any provision of these Articles, within which any Party is required to perform any obligations or complete any activity, shall be extended by such period as may be required to comply with any requirement of applicable Law; provided that, the Party that is required to comply with such applicable Law shall, upon informing the other Parties of such extension in writing, act in good faith and take all necessary steps to ensure compliance with such applicable Law within the minimum time possible.

(xvii) Where any payment obligation of a Party under these Articles ("**Subject Obligation**") requires Consent (including any Governmental Approval) in order for the Subject Obligation to be performed validly, then the Subject Obligation shall be deemed to include the obligation to apply for and comply with the terms of, all such Consents (including such Governmental Approvals). Provided however, if the Consent is required by the Party receiving the Subject Obligation for the purpose of receiving the Subject Obligation from the other Party, the Party which is receiving the Subject Obligation shall be required to apply for such consent or approval.

(xviii) The Schedules of these Articles form an integral part of these Articles.

(xix) In respect of any of the rights under these Articles which are available on the basis of the number of Equity Securities or percentage shareholding on a Fully Diluted Basis held by any Party or on the basis of its Pro Rata Share, such Party shall be entitled to aggregate the Equity Securities held by such Party and its Permitted Transferees.

Save as aforesaid, words or expressions, defined in the Act, shall, if not inconsistent with the subject or context, bear the same meaning in these Articles. Any word or expression not defined in these Articles, shall except where the subject or context forbids, bear the same meaning as contained in the Act.

2 CAPITAL AND INCREASE AND REDUCTION IN CAPITAL

2.1 Amount of Capital*:

Authorized Share Capital: The authorized share capital of the Company shall be as motioned in the Clause V of the Memorandum of Association of the Company.

2.2 Increase in Capital by the Company, and how carried into effect:

Subject to the terms of the Shareholders' Agreement and these Articles, the Company may from time to time in general meeting increase its share capital by the issue of new shares of such amounts as may be determined by the Shareholders in accordance with the provisions of these Articles.

2.3. Capitalization of Free Reserves:

Subject to the terms of the Shareholders' Agreement and these Articles, the Company may, in a Shareholders' meeting, upon the recommendation of the Board, resolve that the existing free reserves (including the amount transferred from the profit and loss account) be capitalized by issue of fully paid or partly paid bonus Shares to the extent of the amount standing to the credit of such free reserves.

3 PREFERENCE SHARES

3.1 Issue of Redeemable Preference Shares*:*

(i) Subject to the provision of section 55 of the Act and the provisions of the Act, the Company shall have the power to issue preference shares in accordance with the provisions of these Articles and the Shareholders' Agreement, which are liable to be redeemed, and the special resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.

(ii) Subject to the provision of the Act, no preference shares shall be redeemed, unless they are fully paid up, and except out of the profits of the Company, which would otherwise be available for dividend, or out of the proceeds of a fresh issue of shares made for the purpose of such redemption.

* Amended vide special resolution at the Extra-ordinary General Meeting of the Company held on 6th March, 2018

(iii) The redemption of preference shares under these provisions by the Company shall not be taken as reducing the amount of its authorized share capital.

(iv) Where in pursuance of these Articles, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed.

3.2 Subject to the terms of the Shareholders' Agreement and these Articles, the amount standing to the credit of the capital redemption reserve account may be applied by the Company in paying up un-issued Shares of the Company to be issued to the Shareholders of the Company as fully paid bonus shares, subject to the terms of the Shareholders' Agreement.

3.3 Provisions in the case of Redemption of Redeemable Preference Shares

(i) Subject to the provisions of section 55 of the Act and the terms of the Shareholders' Agreement, the following provisions shall apply in regard to the redemption of any redeemable preference shares.

(ii) For the purpose of redemption of preference shares, each holder shall be bound to surrender to the Company the certificate pertaining to the preference shares to be redeemed in accordance with the terms thereof.

(iii) The Board shall be at liberty to waive the condition of surrender of certificate of the redeemable preference shares upon being satisfied that the same has been lost/ misplaced/ destroyed subject to such terms as to evidence and indemnity as the Board shall decide.

(iv) The redeemable preference shares shall not confer upon the holders thereof the right to vote upon their shares in person or by proxy at any Shareholders Meeting of the Company save to the extent and in the manner provided by section 47 of the Act.

(v) The rights, privileges and conditions for the time being attached to the redeemable preference shares may be varied, modified or abrogated in accordance with the provisions of these Articles, subject to the provisions of the Act.

3.4 Cumulative Convertible Preference Shares

Subject to any regulations issued from time to time by the Central Government or the appropriate authority, the Company may issue cumulative convertible preference shares (CCPS) in such manner as the Board and the Shareholders may authorize in accordance with the provisions of these Articles and the Act.

3.5 Reduction of Capital

Subject to the terms of these Articles and the Shareholders' Agreement, the Company may from time to time by special resolution, subject to confirmation by the Tribunal and subject to the provisions of Section 66 of the Act, reduce its share capital and any capital redemption reserve account or share premium account in any manner for the time being authorized by Law in particular, without prejudice to the generality of the foregoing power may do so by:

(i) Extinguishing or reducing the liability on any of its Shares in respect of paid up share capital; or

(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

(iii) 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 requirements of the Company;

and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its Authorised Share Capital and of its Shares accordingly.

3.6 Conversion of Share into Stock and Reconversion:

The Company may in a Shareholders' meeting, convert any paid up Share into stock and when any Share shall have been converted into stock, the several holders and of any such stock may thereafter transfer their respective interest therein or any part of such interests in the same manner and subject to the same regulations as, and subject to which Shares from which the stock arise might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into a paid up Share of any denomination.

4 REGISTER OF MEMBERS

The Company shall cause to be kept a register and index of Shareholders in accordance with Section 88 of the Act.

5 ISSUE OF SHARES AT PREMIUM OR DISCOUNT

5.1 Subject to the provisions of section 54 of the Act and further subject to the terms of these Articles, the Company may issue sweat Equity Shares of a class of shares already issued.

5.2 Subject to the provisions of section 52 of the Act and further subject to the terms of these Articles, the Company may, in a Shareholders' meeting or at a meeting of the Board, as the case may be, issue any shares at a premium.

5.3 An application signed by or on behalf of an applicant for Shares in the Company, followed by an allotment of any Shares therein shall be an acceptance of Shares within the meaning of these Articles and every Person who thus or otherwise accepts any Shares and whose name is on the Register of Shareholders shall for the purpose of these Articles be a Shareholder.

6 SHARE CERTIFICATES

6.1 The issue of certificates of Equity Securities or of duplicate or renewal of certificates of Equity Securities Shares shall be governed by the provisions of section 46 and other provisions of the Act, as may be applicable and by the rules or notifications or orders, if any, which may be prescribed or made by any competent authority under the Act or rules or any other Law.

6.2 [*]The certificate of title of Equity Securities shall be signed by such Directors or officers or other authorized persons as may be prescribed by the rules made under the Act from time to time.

6.3 Every Shareholder shall be entitled, without payment, to one certificate each for all the Shares/debentures of such class or denomination registered in his name, or if the Directors so approve, (upon paying such fee as the Directors may from time to time determine), to several certificates, each for one or more of such Shares and the Company shall complete and deliver such certificates within the time provided by section 56 of the Act. Every certificate of Shares shall specify the amount paid up on the Equity Securities/ debentures covered thereby and shall be in such form as the, Directors shall prescribe or approve. Provided that in respect of a Share held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one of several joint holders shall be sufficient delivery to all such holders.

6.4 <u>Equity Securities to be numbered progressively and no Equity Security to be sub-divided:</u>

The Equity Securities in the capital shall be numbered progressively according to their several denominations and no Equity Security shall be sub-divided. Every forfeited or surrendered Equity Securities shall continue and no Equity Security to bear the number by which the same was originally distinguished.

6.5 <u>Replacement of Equity Security/ Debenture Certificates</u>

(i) If any certificate is worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof, a new certificate may be issued in lieu thereof, in accordance with the applicable rules prescribed thereunder.

(ii) If an Equity Security /debenture certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with prior consent of the Board or a Committee constituted by the Board and on such terms, if any, as

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[*] Words 'be issued under the seal of the Company and shall' after the word shall, omitted vide special resolution passed by members at the 16th Annual General Meeting held on 11th July, 2019.

to evidence and indemnity as to the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit and as provided in the Companies (Share Capital and Debentures) Rules, 2014 (including any amendment or modification of the said rules).

7 CALLS

7.1 Directors to make calls:

The Directors may from time to time, in accordance with the terms of the Promoter Subscription Agreement, and subject to applicable Law, and subject to the terms on which any Equity Securities/ debentures that may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as they think fit upon the Shareholders/ debenture holders in respect of all moneys unpaid on the Equity Securities/debentures held by them respectively and each Shareholder/ debenture holder shall pay the amount of every call so made on him to the Company at the times and places appointed by the Directors in terms of the resolution of the Board. A call may be postponed or revoked as the Board may determine.

7.2 Notice of Calls, extension etc.

(i) At least one month's notice in writing of any call shall be given through a notice of Company specifying the time and place of payment, and the person to whom such call shall be paid.

(ii) A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed and may be made payable by the Shareholders / debenture holders on a subsequent date to be specified by the Directors.

(iii) The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the Shareholders/ debenture holders who for sufficient cause, as the Directors may deem fit, are fairly entitled to such extension, but no Shareholder/ debenture holder shall be entitled to such extension, save as a matter of grace and favor.

7.3 Installments:

(i) If by the condition of allotment of any Equity Securities/ debentures, the whole or part of the amount of the issue price thereof is payable by installments on the Shares/debentures every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the Equity Securities/debentures or by his legal representative.

(ii) Where any such calls are made on a uniform basis all calls on all Equity Securities or debentures falling under the same class shall be made under one series. Explanation: For the purpose of these provisions, Equity Securities of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

7.4 Liability of Joint holders:

The joint holders of Equity Securities/ debenture shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such Equity Securities/ debentures.

7.5 Calls to Carry Interest:

(i) If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the Equity Securities/ debentures in respect of which the call shall have been made or from whom the installment is due, shall pay interest at the rate fixed by the Board, and such interest shall be payable from the day appointed for the payment thereof or any such extension thereof to the time of actual payment. The Directors may waive payment of such interest wholly or in part.

(ii) Any sum, which by the terms of issue of an Equity Security /debenture becomes payable on allotment or at any fixed date, whether on account of the nominal value 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, the same become payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

8 LIEN

8.1 Company's right to have first Lien on shares:

The Company shall have a first and paramount lien upon all the Equity Securities and/or debentures (other than fully paid up Equity Securities and/or debentures) registered in the name of each Shareholder and/or debenture holder (whether held singly or jointly with others) in respect of all moneys whether presently payable or not and shall extend to all dividends, interest, rights and bonuses from time to time declared in respect of such Equity Securities and/or debentures. Unless otherwise agreed, the registration of transfer of Equity Securities and/or debentures shall operate as waiver of Company's lien, if any, on such Shares and/or debentures.

8.2 Enforcement of lien by sale of shares:

For the purpose of enforcing such lien, the Board may sell the Equity Securities and/or debentures in such manner as it shall think it, and for that purpose may cause to be issued a duplicate certificate in respect of such Equity Securities and/or debentures and may authorize one of their officers or agents to execute a transfer thereof, on behalf of and in the name of such Shareholder/ debenture holder. No sale shall be made until notice in writing of the intention to sell shall have been served on such Shareholder and/or debenture holder or his legal representatives and unless a default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagement for 30 (thirty) Days after such notice.

8.3 Application of proceeds of sale:

(i) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the Equity Securities before the sale) be paid to the persons entitled to the Equity Securities and/or debentures at the date of the sale.

(ii) The Company shall be entitled to treat the registered holder of any Equity Security or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or as required by statute) be bound to recognize any equitable or other claim to, or interest in such Equity Securities or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that is has received notice of any such claims.

9 FORFEITURE OF SHARES

9.1 Notice to Shareholders on non-payment:

If any Shareholder fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

9.2 Form of Notice:

The notice shall name a day not being less than 30 (thirty) Days from the date of the notice and a place, on and at which such call, or installment or such part or other moneys as aforesaid are to be paid. The notice shall also state, that in the event of the non-payment of the call amount with interest at or before the time and at the place appointed, the Equity Securities or debentures in respect of which the call was made or installment or such part or other moneys is or are payable will be liable to be forfeited and/or cancelled as the case may be.

9.3 In default payment, shares to be forfeited:

If the requirements of any such notice as aforesaid shall not be complied with any Equity Security/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses or other moneys due in respect thereof be forfeited by a resolution of the Board to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Shareholder of the Company in respect of his/ her Equity Securities or debentures, either by way of principal or interest, nor any indulgence granted by the Company, in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such Shares or cancel the allotment of debentures as herein provided Such forfeiture shall include all dividends declared or interest, paid or any other moneys payable in respect of the forfeited Equity Securities or debentures and not actually paid before the forfeiture/cancellation.

9.4 Notice of forfeiture / cancellation:

When any Equity Security shall have been so forfeited and/or allotment of debenture shall have been so cancelled, notice of the forfeiture/ cancellation, shall be given to the Shareholder/debenture holder in name it stood immediately prior to the forfeiture/cancellation and an entry of the forfeiture/cancellation with the date thereof, shall forthwith be made in the register of Shareholders/debenture holder. But no forfeiture/cancellation shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

9.5 Forfeiture and cancellation of allotment:

Any Equity Security so forfeited shall be deemed to be the property of the Company, and may be sold, re allotted or otherwise disposed of either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit. Upon cancellation of the allotment, the debenture issued shall be deemed to be the property of the Company and may be reissued or allotted to any person, upon such terms and in such manner as the Board shall think fit.

9.6 Any Shareholder, whose Equity Securities have been forfeited shall cease to be a Shareholder in respect of such Equity Securities but, shall notwithstanding forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereof from time of the forfeiture, until payment, at such rate as the Board may determine and the Board may enforce the payment thereof, if it thinks fit, or deduct from the same, expenses incurred in calling the money due on a debenture while canceling the allotment thereof.

9.7 The forfeiture of an Equity Security shall involve extinction at the time of the forfeiture, of all interest in and all claims and demands against the Company in respect of the Equity Security and all other rights, incidental to the Equity Security, except only such of those rights as by these Articles are expressly saved.

9.8 A declaration in writing by one Director or by the secretary or any other officer authorized by the Directors for the purpose, that the call in respect of an Equity Security or debenture was made and notice thereof given and that default in payment of the call was made that the forfeiture/ cancellation of the Equity Security or debenture was made by a resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such Equity Security or debenture.

9.9 Upon any sale after forfeiture or for enforcing a lien in exercise of the power or reissue of debenture upon cancellation of allotment, the Board may appoint any officer or agent of the Company to execute an instrument of transfer of the Equity Securities sold and cause the purchaser's name to be entered in the Register of Members in respect of the Equity Securities/debentures sold/reissued and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Shareholders in respect of such Equity Securities/ debentures the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

9.10 Upon any sale, re allotment or other disposal under the provision of the preceding Articles, the certificate or certificates originally issued in respect of the relative Equity Securities shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Shareholder) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said Equity Security to the person or persons entitled thereto.

9.11 The Directors may, subject to the provisions of the Act, accept a surrender of any Equity Security or debenture from or by any Shareholder or debenture holder desirous of surrendering them on such terms as the Board may think fit.

10 THE BOARD

10.1 Subject to the provisions of these Articles, the Company shall be under the direction and supervision of the Board.

10.2 The rights of the Investors under this Article 10 (*The Board*), including, but not limited to, with respect to appointment of directors, quorum and notices, shall be available (i) to the Investors and JM with respect to each Subsidiary from the Effective Date, and (ii) to the Investors with respect to each Group Company post the Restructuring; and all the provisions and terms and conditions mentioned in this Article 10 (*The Board*) shall be applicable to (i) such Subsidiary (vis-à-vis each of the Investors and JM) and (ii) post the Restructuring, each Group Company (vis-à-vis each of the Investors). Provided however, the rights of JM with respect to each Subsidiary set out in this Article 10 (*The Board*) shall not apply if any Group Company becomes a Subsidiary or if the business of any Group Company is transferred to a Subsidiary.

10.3 Directors

10.3.1. Size. The maximum number of directors constituting the entire Board shall be 11 (eleven) or such other number as may be agreed upon in writing by the Parties.

10.3.2. Composition of the Board.

(i) The Investor Designee shall have the right to nominate such number of Nominee Directors to the Board as is proportionate to the Pro Rata Share of the Investors in the Company ("**Investor Nominee Directors**").

(ii) Till such time that JM holds at least the JM Threshold, JM shall have the right to nominate 1 (one) Nominee Director on the Board of the Company ("**JM Nominee Directors**").

(iii) Subject to Article 18, the Promoter has the right to nominate 2 (two) persons as Directors of which 1 (one) Director shall be the Promoter ("**Promoter Nominee Directors**").

(iv) Subject to applicable Law, the office of the Managing Director and one Nominee Director of the Investor Designee shall be such that it is not capable of being vacated by retirement or rotation

10.3.3. Unless undertaken pursuant to the provisions of the Act, the removal of any of the Directors nominated by the Investor Designee, JM or the Promoter from the Board shall require the relevant Party's Consent or a notice by the relevant Party to the other Parties for the removal of their respective Nominee Director(s).

10.3.4. In the event a Nominee Director resigns or is removed in accordance with Article 10.3.3 or applicable Laws, the relevant Shareholder which appointed the removed Nominee Director shall have the right to nominate such Nominee Director's successor or replacement, and such successor or replacement Director shall be appointed to the Board within 15 (fifteen) Business Days of nomination by the relevant Shareholder, or in the immediately next meeting of the Board, whichever is earlier.

10.3.5. The Directors shall not be required to hold any qualification shares.

10.3.6. In the event the relevant Shareholder proposes to appoint an alternate Director ("**Alternate Director**") to any Nominee Director nominated by it ("**Original Director**") the Board shall, upon receipt of notice to that effect from the said Shareholder, appoint an Alternate Director in place of such Original Director. Upon the appointment of the Alternate Director, the Company shall, and the Promoter shall cause the Company to, ensure compliance with the provisions of the Act, including by filing necessary forms with the Registrar of Companies and filing necessary notifications. The Shareholder shall also have a right to withdraw its nominated Alternate Director and nominate another Alternate Director in its place. The Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Director and generally to perform all functions of the Original Director in the absence of such Original Director. Notwithstanding the aforesaid, it is clarified that for as long as the Promoter is a Director (in accordance with the provisions hereof), the Promoter shall not be entitled to appoint an Alternate Director for herself on the Board.

10.3.7. The Investor Designee shall also have the right to appoint 1 (one) person as an observer ("**Observer**") to the Board of the Company. The Observer shall be entitled to receive the notices, board materials and agenda for all meetings of the Board at the same time such materials are delivered to the Directors, and shall be entitled to remain present at all such meetings. However, the Observer shall not have a right to (i) vote at such meetings or (ii) have his / her views / comments recorded in the minutes of the meeting.

10.3.8. The Company shall bear all reasonable expenses including reasonable out of pocket expenses incurred by the Directors (including the Nominee Directors) for attending Board meetings or committee meetings of the Company, in connection with the Directors' performing their duties as Directors of the Company.

10.3.9. None of the Investor Nominee Directors and the JM Nominee Directors shall be liable for any action taken in the course of his/her duties and responsibilities as a Director. Each of the Investor Nominee Directors and the JM Nominee Director shall be non-executive directors on the Board of the Company and shall not be involved in the day-to-day management or conduct of the Company. Accordingly, no such Nominee Director shall be named in any correspondence, applications, licenses, approvals, compliance reports or otherwise as the person in charge of or responsible for the operations of the Company or compliance by the Company of any laws or licenses or as an "occupier", "principal officer" or an "officer in default". The Company shall assert such position in any notice, reply, litigation or other proceedings in which any liability is sought to be attached to the Investors and/or JM and/ or their respective Nominee Directors. The provisions of this Article 10.3.9 shall apply *mutatis mutandis* with respect to the Promoter Nominee Directors, if the Promoter no longer holds an executive position in the Company.

10.3.10. The composition and size of the Board may be amended from time to time, in accordance with the provisions of these Articles.

10.3.11. The Company shall indemnify each Investor Nominee Director, the JM Nominee Director and the Promoter Nominee Director from and against:

a. any act, omission or conduct of or by the Company or their employees or agents as a result of which, in whole or in part, any such Nominee Director is made a party to, or otherwise incurs any loss pursuant to, any action, suit, claim or proceeding arising out of or relating to any such conduct; or

b. any action or failure to act undertaken by such Nominee Director at the request of or with the consent of the Company as a consequence of which such Nominee Director suffers or incurs any Losses due to such action, or failure to act, being in breach of any Law or the Charter Documents ; or

c. any action or failure to act undertaken by such Nominee Director at the request of or with the consent of the Company, other than the decision of such Nominee Directors to exercise their voting rights at a meeting of the Board; or

d. contravention of any Law, including law relating to provident fund, gratuity, or the Business of the Company; and any action or proceedings taken against such Nominee Director in connection with any such contravention or alleged contravention; or

e. any Losses (including all costs and expenses of such Nominee Director in relation to responding to enquiries (including attorney fees)) arising out of, in relation to or resulting from such Nominee Director's performance of his duties and responsibilities as a Director.

Provided however, that the Company shall indemnify the Nominee Directors under this Article 10.3.11 only if the D&O Policy does not cover such losses.

10.4 Independent Directors

The Board shall consist of at least 1/3rd (one third) of Independent Directors subject to applicable Law, and the Investor 1 and the Promoter shall have the right to jointly recommend all of the Independent Directors (and which the Board shall consider in good faith).

10.5 Managing Director

The Company shall at all times have a managing director who shall be appointed by the Board ("**Managing Director**"). The Managing Director shall be responsible for the day-to-day management and operations of the Company and shall be under the management and guidance of the Board. The Managing Director shall not take any action or decision contrary to obligations and covenants of the Company set out in these Articles, unless the Board has instructed for such decision or action to be taken.

10.6 Committees

10.6.1. The Board may constitute such committees as it may deem fit and proper to assist with the management of specific aspects of the business of the Company consistent with best corporate governance practises including an audit committee, nomination and remuneration committee, and executive committee ("**Committees**"), as shall be agreed between the Company, the Promoter and Investor 1. The Investor Designee and the Promoter shall have the right to nominate on each Committee such number of Directors as is proportionate to the Investor's and the Promoter's Pro Rata Share, respectively, subject to a minimum of 1 (one) member each. At the request of JM, if approved by the Promoter and the Investor 1, the JM Nominee Director shall be appointed on the audit committee and the nomination and remuneration committee.

10.6.2. The meetings of each Committee shall be convened at such frequency as the members of such Committee may decide from time to time. All decisions of the Committees shall be subject to Article 13 (*Reserved Matters*).

10.6.3. The provisions of this Article 11 (*The Board*) in so far as they apply to meetings of the Board shall apply *mutatis mutandis* to meetings of the Committees.

10.7 Notice for Board Meetings

A meeting of the Board may be called by the chairperson of the Board or any other Director. At least 7 (seven) Business Days' written notice shall be given to each of the Directors of any meeting of the Board provided always that a shorter period of notice may be given by mutual consent of Investor 1 and the Promoter expressed in writing. Such written notice shall be given at the usual address of the Director in India and in case of Directors not ordinarily residing in India or currently out of India, the same shall be given at such address as notified by the concerned Director as a valid address for the service of notices for the time being. Such notice shall be accompanied by copies of any document(s) to be reviewed and discussed at such meeting. Notices may be provided by electronic mail. Notwithstanding the foregoing, in an emergency situation that requires urgent attention of the Board, an emergency meeting of the Board may be convened with at least 2 (two) days' written notice with the consent of Investor 1 and the Promoter, provided however, at such meeting of the Board no JM Reserved Matters and/ or Promoter Reserved Matters and/ or Investor Reserved Matters shall be taken up or considered, unless the prior written consent of JM and/or the Promoter and/ or the Investor (as the case may be) has been obtained prior to such meeting.

10.8 Agenda

Every notice convening a meeting of the Board shall set out the agenda in full and sufficient detail of the business to be transacted, and matters to be voted on at such meeting, provided that all matters proposed by the Promoter and / or the Investors to be placed on the agenda shall be so included therein and considered at such Board meeting provided further that no such matters shall be placed on the agenda that relate to a JM Reserved Matter and/ or a Promoter Reserved Matter and/ or Investor Reserved Matter, without the prior written consent of JM and/ or the Promoter and/ or Investor 1. The Board shall not at any meeting take up or discuss any matter that is not expressly specified on the agenda for such meeting unless a majority of the Directors present at such meeting, which shall include at least 1 (one) Investor Nominee Director and at least 1 (one) Promoter Nominee Director, vote on such resolution. Provided however, the Board shall not at any meeting take up or discuss any JM Reserved Matter that is not expressly specified on the agenda for such meeting. If any Reserved Matter is proposed to be placed or tabled before the Board, then the agenda shall specifically state that a Reserved Matter is proposed to be so placed or tabled.

10.9 Quorum

10.9.1. Subject to the provisions of the Act, the quorum for all Board meetings shall be 2 (two) Directors or 1/3rd (one third) of the total number of Directors on the Board at any given time, whichever is higher, provided that, at least 1 (one) Investor Nominee Director and 1 (one) of the Promoter Nominee Director shall be required to be present throughout the meeting.

10.9.2. If, within half an hour of the time appointed for the meeting, a quorum is not present, the meeting shall be adjourned and reconvened for the date that falls 7 (seven) Business Days after such adjourned meeting at the same time and place ("**First Adjourned Board Meeting**"). The quorum requirement set out in Article 10.9.1 above shall also be applicable at such First Adjourned Board Meeting.

10.9.3. If, within half an hour of the time appointed for the First Adjourned Board Meeting, a quorum is not present, the meeting shall be adjourned and reconvened for the date that falls 7 (seven) Business Days after the First Adjourned Board Meeting at the same time and place ("**Second Adjourned Board Meeting**"). If, within half an hour of the time appointed for the Second Adjourned Board Meeting, a quorum as set out in Article 10.9.1 is not present, the Directors present at such Second Adjourned Board Meeting shall, subject to Law, constitute a quorum for all matters to be discussed, other than the Reserved Matters.

10.10 Voting

At any Board meeting, each Director may exercise only 1 (one) vote each. The adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted and convened meeting of the Board, provided that the adoption of any resolution on, or in relation to, a Reserved Matter shall require the affirmative vote of a majority of Directors present at a duly constituted meeting of the Board <u>and</u> the affirmative vote of at least 1 (one) Investor Nominee Director and / or at least 1 (one) JM Nominee Directors and / or at least 1 (one) Promoter Nominee Directors (as the case may be), as set out in Article 12 (*Reserved Matters*), to approve such Reserved Matter in accordance with these Articles. The chairman of the Board shall not have a casting vote.

10.11 <u>Circular resolutions of the Board</u>

Subject to Article 12 (*Reserved Matters*), the Board may act either in a meeting or through written circular resolution, or in any other legally permissible manner, on any matter, except matters, which by applicable Law may be acted upon at a Board meeting or exclusively by or with the Shareholders. No circular resolution shall be deemed to have been duly passed by the Board, unless the resolution has been approved in writing by a majority of Directors constituting the Board for the time being and at least 1 (one) Investor Nominee Director and / or at least 1 (one) JM Nominee Director and / or at least 1 (one) Promoter Nominee Directors (as the case may be), as set out in Article 12 (*Reserved Matters*), has voted on and approved the passing of the resolution where such resolution is in relation to a Reserved Matter.

10.12 <u>Minutes</u>

The chairperson shall ensure the minutes of each Board meeting are prepared and provided to each of the Investor Nominee Directors and the JM Nominee Director and the Observer no later than 7 (seven) Business Days following the date of such Board meeting, provided that: (i) the minutes of any Board meeting shall not be considered as final till such time as an Investor Nominee Director and a Promoter Nominee Director has approved the same in writing; and (ii) any objections or comments raised by the Nominee Directors in the meeting have been recorded in the minutes. Provided however, if (i) no comments are received, or (ii) no approval or rejection has been received, by either the Investor Nominee Director or the Promoter Nominee Director, within 10 (ten) Business Days of the receipt of the draft minutes by the Investor Nominee Director or the Promoter Nominee Director (as the case may be), the minutes shall be considered as final.

10.13 <u>Information</u>

The Directors may provide information received from the Company to the Shareholder by whom they have been nominated subject to applicable Law, provided however that the Investor Nominee Directors shall be entitled to provide such information only to the Investors. Subject to Article 12 (*Reserved Matters*), the Board shall be entitled to exercise the rights of the Company under the employment agreements entered into with each of the Key Managerial Personnel.

10.14 <u>Director Disclosure</u>

Subject to applicable Law, each Director is irrevocably authorized by the Company to disclose to its appointing Shareholder any information or records belonging to or concerning the Company, its Subsidiaries (if any) or its or their business and assets.

10.15 <u>Telephonic Participation</u>

If permitted by the Act, Directors may participate in Board meetings by telephone conferencing or any other means of contemporaneous communication, provided that each Director must acknowledge his/her presence for the purpose of the meeting and any Director not doing so shall not be entitled to speak or vote at the meeting. A Director may not leave the meeting by disconnecting his/her telephone or other means of communication unless he/she has previously obtained the express consent of the chairman of the meeting and a Director shall conclusively be presumed to have been present and formed part of the quorum at all times during the meeting unless he/she has previously obtained the express consent of the chairman of the meeting to leave the meeting as aforesaid. The quorum and other requirements applicable to Board meetings in this Article 10 (*The Board*) shall apply to such meetings as well.

10.16 <u>Video Participation</u>

Directors may participate in Board meetings by video conferring or any other means of audio visual communication in accordance with the provisions of the Act. The quorum and other requirements applicable to Board meetings in this Article 10 (*The Board*) shall apply to such meetings as well.

11 SHAREHOLDERS MEETINGS

11.1 The rights of each of the Investors and JM under this Article 11 (*Shareholders Meetings*) shall be available to each of the Investors and JM with respect to each Subsidiary. The rights of the Investors under this Article 11 (*Shareholders Meetings*) shall also be available to the Investors with respect to each Group Company post the Restructuring. Provided however, the rights of JM under this Article 11.1 above shall not apply if any Group Company becomes a Subsidiary or if the business of any Group Company is transferred to a Subsidiary.

11.2 (i) Not less than 21 (twenty one) days' written notice of every general meeting shall be given to all Shareholders whether in India or outside.

(ii) A meeting of the Company may be called by giving shorter notice with the mutual written consent of the Promoter and Investor 1, provided however, that no JM Reserved Matters shall be taken up or considered at such meeting convened at a shorter period of notice, without the prior written consent of JM.

11.3 Every notice convening a meeting of the Shareholders shall set out the agenda in full and sufficient detail of the business to be transacted, and matters to be voted on, at such meeting and no item or business shall be transacted at such meeting unless the same has been stated in full and sufficient detail in the notice convening the meeting, unless otherwise agreed to by the Promoter and the Investor. A copy of any documents to be reviewed or discussed at such meeting shall accompany such notice unless otherwise agreed to by the Company, the Promoter and Investor 1 in writing, provided that the Promoter and / or Investors may, at any time prior to the meeting, propose any matter(s) to be placed on the agenda and such matter(s) shall be so placed, discussed and acted upon at the meeting unless the matter(s) relate to a JM Reserved Matter and/ or a Promoter Reserved Matter and/ or Investor Reserved Matter, for which a prior written consent of JM and/ or the Promoter and/ or Investor shall be required.

11.4 The chairman of the Board shall act as the chairman of all general meetings. The chairman shall not have a second or casting vote.

11.5 A Shareholder shall be entitled to exercise its right to vote at general and special meetings by proxy and/or by appointing one or more authorized representatives and such proxy or authorized representatives need not be a Shareholder. Notwithstanding what is stated herein, subject to applicable Law, the voting at any and all meetings of the Shareholders shall only be by poll.

11.6 None of OTPP, Ontario Teachers' Pension Plan Board or any of their respective Affiliates shall be entitled to cast any votes for the appointment, removal, reappointment or replacement of Directors in respect of any Equity Shares or other securities of the Company that such parties directly own or hold.

11.7 <u>Quorum</u>

11.7.1. Subject to the provisions of the Act, the quorum for all general meetings of the Company shall not be less than 2 (two) Shareholders at the beginning and throughout the meetings, provided that, at least 1 (one) representative of Investor 1 and at least 1 (one) representative of the Promoter shall be present throughout each Shareholder meeting. If, within half an hour of the time appointed for the meeting, a quorum as set out in this Article 12.7.1 is not present, the meeting shall be adjourned and reconvened for the date that falls 7 (seven) Business Days after such adjourned meeting at the same time and place ("**First Adjourned Shareholders Meeting**").

11.7.2. The quorum requirement set out in Article 11.7.1 above shall also be applicable at such First Adjourned Shareholders Meeting. If, within half an hour of the time appointed for the First Adjourned Shareholders Meeting, a quorum as set out in Article 11.7.1 is not present, the meeting shall be adjourned and reconvened for the date that falls 7 (seven) Business Days after the First Adjourned Board Meeting at the same time and place ("**Second Adjourned Shareholders Meeting**").

11.7.3. If, within half an hour of the time appointed for the Second Adjourned Shareholders Meeting, a quorum as set out in Article 11.7.1 is not present, the Shareholders present at such Second Adjourned Shareholders Meeting shall, subject to Law, constitute a quorum for all matters, other than the Reserved Matters.

12 RESERVED MATTERS

12.1 No action or decision relating to any of the Investor Reserved Matters shall be taken (whether by the Board, any Committee, the Shareholders or any of their respective employees, officers or managers), unless the prior consent of Investor 1 has been obtained for such Investor Reserved Matter prior to such matter being tabled at any meeting of the

Board, Committee or Shareholders. Further, in the event the consent of Investor 1 has not been obtained prior to any such meeting, the relevant Investor Reserved Matter shall not be tabled at the meeting of the Board, Committee or Shareholders.

12.2 No action or decision relating to any of the JM Reserved Matters shall be taken (whether by the Board, any Committee, the Shareholders or any of their respective employees, officers or managers), unless the prior consent of JM has been obtained for such JM Reserved Matter prior to such matter being tabled at any meeting of the Board, Committee or Shareholders. Further, in the event the consent of JM has not been obtained prior to any such meeting, the JM Reserved Matter shall not be tabled at the meeting of the Board, Committee or Shareholders.

12.3 No action or decision relating to any of the Promoter Reserved Matters shall be taken (whether by the Board, any Committee, the Shareholders or any of their respective employees, officers or managers), unless the prior consent of the Promoter has been obtained for such Promoter Reserved Matter prior to such matter being tabled at any meeting of the Board, Committee or Shareholders. Further, in the event the consent of Promoter has not been obtained prior to any such meeting, the relevant Promoter Reserved Matter shall not be tabled at the meeting of the Board, Committee or Shareholders.

12.4 No action or decision relating to any of the Reserved Matters in respect of the Subsidiaries (if any) shall be taken (whether by the board of directors of the Subsidiaries, any committee, the shareholders of the Subsidiaries or any of their respective employees, officers or managers), without the consent of the respective Shareholder which has an affirmative right with respect to such Reserved Matter.

12.5 In the event a decision in relation to any Reserved Matter is made other than in accordance with the provisions of this Article 12 (*Reserved Matters*), such decision and any actions taken pursuant to such decisions shall be *ab initio* null and void.

13 PRE-EMPTIVE RIGHTS, ANTI DILUTION RIGHTS AND MOST FAVOURED RIGHTS

13.1 **Pre-Emptive Right**

13.1.1. The Company shall not issue any Equity Securities of any type or class to any Person, including to any or all of the Shareholders, unless the Company has first offered all the Shareholders the right to subscribe to the whole of the Equity Securities proposed to be issued ("**New Securities**") in accordance with this Article 13 (*Pre-Emptive Rights, Anti-dilution Rights and Most Favored Rights*).

13.1.2. Notice. Not less than 15 (fifteen) Business Days before a proposed issuance of New Securities by the Company ("**Proposed Issuance**"), the Company shall deliver to the Existing Shareholders of the Company a written notice of the Proposed Issuance ("**Pre-Emptive Offer Notice**") setting forth (i) the number, type and terms of the New Securities, (ii) the subscription price of such New Securities to be issued ("**New Securities Issuance Price**"), which shall be determined in accordance with Article 13.1.10 (*Pricing for the issuance of New Securities*), and (iii) the consideration to be received by the Company in connection with the Proposed Issuance.

13.1.3. Exercise of Rights. Within 15 (fifteen) Business Days following delivery of the Pre-Emptive Offer Notice ("**Pre-Emptive Offer Period**"), any Existing Shareholder ("**Subscribing Shareholder**") may, if it elects to exercise its rights under this Article 13.1 (*Pre-Emptive Right*), give written notice to the Company specifying (i) the number of New Securities, proportionate to its then Pro Rata Share, to be purchased by such Subscribing Shareholder; (ii) such number of maximum additional New Securities such Shareholder is willing to subscribe to, in case of non-subscription or under subscription by any other Shareholder ("**Excess New Securities**") and (iii) the aggregate subscription price payable by such Subscribing Shareholder for the subscription to such New Securities ("**Pre-Emptive Exercise Notice**"). If any Shareholder delivers the Pre-Emptive Exercise Notice notifying its intention to acquire any New Securities, the offer by such Shareholder shall be binding and irrevocable. Failure by any Existing Shareholder to give such notice within the Pre-Emptive Offer Period shall be deemed a waiver by such Existing Shareholder of its rights under this Article 13.1 (*Pre-Emptive Right*) with respect to such Proposed Issuance. Each Shareholder may, at its sole discretion and in accordance with applicable Law, renounce in favour of any of its Affiliates, its right to subscribe to any or all of New Securities, subject to such Affiliate agreeing in writing to be bound by the terms of these Articles applicable to renouncing Shareholder. In the event that such right is exercised by any Shareholder, then the term "Subscribing Shareholder" for the purpose of this Article 13.1 (*Pre-Emptive Right*) shall be deemed to mean and include such Affiliate of the Shareholder, to the extent of the New Securities to be subscribed to by such Affiliate of the Shareholder. Such Affiliate shall execute a Deed of Adherence pursuant to which such Affiliate, shall be granted all the rights available to the Shareholder hereunder and agree to abide by and adhere to the Shareholders' Agreement.

13.1.4. Within 7 (seven) days of the expiry of the Pre-Emptive Offer Period, the Company shall intimate vide a written notice to all the Shareholders ("**Allocation Notice**"), (i) the number of New Securities to be offered to each of such Shareholder, based on Pro Rata Share of such Shareholder; and (ii) number of Excess New Securities, if any, to be offered to such Shareholder based on its Pro Rata Share (applicable to the Shareholders who have expressed their willingness to subscribe to the Excess New Securities under the Pre-Emptive Exercise Notice); and (iii) the proposed date for the issuance of the New Securities, not being more than 30 (thirty) Business Days of the date of Allocation Notice ("**Subscription Date**"). On the Subscription Date, the Company shall issue to each of the Shareholders, the New Securities indicated in the Allocation Notice subject to receipt of the relevant consideration for such subscription to New Securities from each of the Shareholders indicated in the Allocation Notice, on the basis of the New Securities Issuance Price.

13.1.5. If all the Shareholders do not subscribe to the New Securities at the New Securities Issuance Price or fail to issue an Pre-Emptive Exercise Notice within the Pre-Emptive Exercise Period or if all the New Securities are not subscribed to by the Shareholders, then the Board may obtain from a bona fide third party (not being a Shareholder or its respective Affiliates), acceptable to Investor 1 ("**Proposed Recipient**"), through a Valuer by the Board, a price for subscription to the New Securities or unsubscribed portion thereof ("**Third Party Price**").

13.1.6. If the Third Party Price is equal to or higher than the New Securities Issuance Price, then the Company shall be free to issue the New Securities only to the Proposed Recipient and to issue the Equity Securities to the Proposed Recipient at the Third Party Price, and the Shareholders shall not have a right to participate in such issue to the Proposed Recipient. The Parties agree that the issue of New Securities to the Proposed Recipient as per this Article 13.1 (*Pre-Emptive Right*) shall be completed within a period of 150 (one hundred and fifty) Business Days from the date of the Pre-Emptive Offer Notice or such extended period as may be specified by the Board.

13.1.7. (a) the Board has been unable to obtain a Third Party Price from a Proposed Recipient as per Article 13.1.5; or (b) if the Third Party Price is lower than the New Securities Issuance Price; or (c) the Company is unable to issue the New Securities to the Proposed Recipient as per Article 13.1.6 within the period specified therein, then the Board shall consider alternate options for balance funding, subject to the terms of these Articles, wherein all Shareholders shall have the right to subscribe to their Pro-Rata Share of the Equity Securities offered.

13.1.8. <u>Consents</u>. If any Subscribing Shareholder is entitled to subscribe to Rights Securities pursuant to the foregoing Articles, the Company shall apply for and obtain all such Consents and take all necessary corporate actions as may be required to issue the Rights Securities to such Subscribing Shareholder within 30 (thirty) Business Days from the date of receipt of the Pre-Emptive Exercise Notice by the Company.

13.1.9. Notwithstanding anything contained in this Article 13.1 (*Pre-Emptive Right*), the Investors, JM and the Promoter shall have a right to mutually agree upon and communicate to the Company any other process for issuance of New Securities and depart from the process as provided in this Article 13.1 (*Pre-Emptive Right*) (including determination of subscription price for such Securities), subject, however to all the Shareholders being entitled to participate in such process and subscribe to the Securities proposed to be offered by the Company proportionately ("**Variation Notice**"). In such a case, within 7 (seven) Business Days of receipt of the Variation Notice, the Company shall be bound to follow such process (including the subscription price as agreed by the Investors and the Promoter, if indicated) by approaching all the Shareholders to raise Further Funds and offering them the Securities proportionately by following the process specified in Articles 13.1.2 to 13.1.4 hereof.

13.1.10. <u>Pricing for the issuance of New Securities</u>. The price at which the New Securities are proposed to be issued shall be calculated in accordance with the provisions of this Article 13.1.10 (*Pricing for the issuance of New Securities*).

(i) The Promoter and Investor 1 shall mutually discuss and agree to the price at which the New Securities are to be issued. In case the Promoter and Investor 1 agree to the price at which the New Securities are to be issued within 15 (fifteen) Business Days from the date the Company and/ or the Promoter and the Investor decide to raise further funds (or such other extended period agreed between Investor 1 and the Promoter) ("**Pricing Period**"), the New Securities shall be issued at such mutually agreed price.

(ii) If the Promoter and Investor 1 are unable to agree to the issue price in the manner as set out in Article 13.1.10 (i) above, the Board shall appoint one of the entities listed in **Schedule** 4 of these Articles ("**Valuer**") for the purpose of determination of the fair market value of the New Securities. The Board shall appoint a Valuer within 7 (seven) Business Days from the issuance of a written notice from Investor 1 and the Promoter.

(iii) The Valuer shall calculate the fair market value of the New Securities and shall deliver to the Board a report determining the basis for such calculation. The Valuer shall conduct the valuation exercise and shall deliver the report in accordance with this Article 13.1.10 (iii) within 15 (fifteen) Business Days of its appointment.

(iv) The Promoter and Investor 1 hereby agree that (i) the valuation determined by the Valuer shall be the basis for determination of the pricing at which the New Securities shall be issued; and (ii) the Company and the Promoter shall provide all assistance and cooperation to the Valuer in its valuation exercise, including access to books and records and meeting with the management of the Company.

13.1.11. Nothing in this Article 13.1 (*Pre-Emptive Right*) shall apply to any issuance or proposed issuance of any Equity Securities set out hereunder:

(i) Issuance of the Second Tranche Subscription Securities (as defined in the SSA) as per the terms of the SSA;

(ii) Issuance of the Equity Securities to the Promoter under Article 20.1 (*Promoter Further Funding*) of these Articles;

(iii) Equity Shares issuable upon the exercise or conversion of any Equity Securities;

(iv) Equity Shares or Equity Securities issued or issuable in connection with any stock split, stock dividend or recapitalization of the Company;

(v) Equity Shares issued or issuable pursuant to the terms of the ESOP Scheme in accordance with these Articles; and

(vi) Equity Securities issued or issuable in an IPO approved and undertaken in accordance with these Articles.

13.2 **Anti – Dilution**

If during the period of 30 (thirty) months commencing from the Effective Date, the Company seeks to raise any fresh capital through the issuance of any New Securities at a valuation which is less than the Investor Entry Price (such lower valuation being hereinafter referred to as the "**Investor Lower Valuation**"), the Investor shall be entitled to a price adjustment, at its sole discretion, through: (i) a fresh issue of Equity Shares at the lowest price permissible under applicable Law; or (ii) adjustment to the conversion formula for the CCPS held by the Investors at such time, or (iii) such other mechanism as may be mutually agreed to between the Company, the Promoter and the Investor; in order to ensure that the Investor's investment in the Company is reckoned at a revised valuation determined based on a broad based weighted average basis between the Investor Entry Price and the Investor Lower Valuation. Provided however, the provisions of this Article 13.2 (*Anti-Dilution*) shall not apply in case of any fund raise being undertaken by the Company due to a Force Majeure.

For the purpose of this Article 13.2 (*Anti-Dilution*), "**Force Majeure**" shall mean, any act, event or circumstance beyond the control of the Company which affects its operations in the Ordinary Course of Business, including, but not limited to fire, flood, earthquakes, explosion, war, riots, politically motivated strikes, political interference, legal prohibition on the ability to conduct the Business and action or inaction of Government Authority.

13.3 **Fund raising through CAR Issuance**

Notwithstanding anything to the contrary contained in these Articles, including Article 13 (*Reserved Matters*), the Parties agree that upon the 'capital adequacy ratio', as such term is defined under the relevant regulations prescribed by the Reserve Bank of India and applicable to the Company ("**CAR**"), of the Company falling below 20% (twenty percent), the Company shall undertake a further issuance of Equity Securities ("**CAR Issuance**"). Such number of New Securities shall be issued pursuant to such CAR Issuance as shall be required, in the opinion of the Independent Directors, for the Company's CAR to be equivalent to 20% (twenty percent), and such New Securities shall be offered to all Shareholders at their Pro-Rata Share (and to a third party in case of unsubscribed portion) at the fair market value of such Equity Securities (as determined by the Independent Directors after consultation with a Valuer). No Nominee Director/ Shareholder shall exercise any rights in a manner that prevents the consummation of the CAR Issuance.

13.4 **Most Favored Rights**

13.4.1. The Company shall not issue any Equity Securities or enter into an agreement to issue Equity Securities, enter into any management agreement or shareholder agreement or any other agreements with any Person, which agreement confers on such Person rights which, considered in the aggregate, are more favourable than rights granted herein to the Investor. In the event the Company confers on such Person such rights which, when so considered, are more favourable than rights granted herein to the Investor, notwithstanding anything in these Articles or Shareholders' Agreement, the Investors may require that the rights of the Investors as provided for in these Articles and the Shareholders' Agreement be modified and amended in accordance with the rights granted to such Person to confer on the Investors rights at least as favourable as those conferred on such Person. In such a case, each of the Shareholders and the Company shall take all necessary steps to amend these Articles to give effect to such modification of rights of the Investors.

13.4.2. So long as JM holds at least the JM Threshold, the Company shall not issue any Equity Securities or enter into an agreement to issue Equity Securities, enter into any management agreement or shareholder agreement or any other agreements with any Person proposing to hold less than or equal to 12% (twelve percent) Equity Share Capital, which agreement confers on such Person rights which, considered in the aggregate, are more favourable than rights granted herein to JM. At the option of JM, in the event, the Company and/ or the Promoter Group confer on such Person such rights, which when so considered, are more favourable than rights granted herein to JM, notwithstanding anything in these Articles or the Shareholders' Agreement, JM shall be entitled to require that the rights of JM as provided for in these Articles and the Shareholders' Agreement be modified and amended in accordance with the rights granted to such Person to confer on JM rights at least as favourable as those conferred on such Person. In such a case, each of the Shareholders and the Company shall take all necessary steps to amend these Articles to give effect to such modification of rights of JM.

13.5 **Consequence of Contravention**

The Parties further agree that any issuance of any Equity Securities in violation of these Articles, including this Article 13 (*Pre-Emptive Rights, Anti-Dilution Rights and Most Favoured Rights*) shall be void *ab-initio*.

14 TRANSFER RESTRICTIONS

14.1 Transfer Provisions Applicable

14.1.1. None of the Shareholders nor their respective Permitted Transferees shall Transfer or attempt to Transfer any Equity Securities or any right, title or interest therein or thereto, except as expressly permitted by the provisions of these Articles. Any Transfer or attempt by any of the Shareholders or their respective Permitted Transferees to Transfer any Equity Securities in violation of these Articles shall be null and void *ab initio*, and the Company shall not register any such Transfer. In the event of any Transfer of Equity Securities in accordance with the terms of these Articles and the Shareholders' Agreement, the Company shall duly register without delay, demur or protest any such Transfer in favour of the transferee of the Equity Securities in the Company's register of members. Notwithstanding anything to the contrary contained herein, it is clarified that all Transfers (including to Permitted Transferees and Affiliates) shall be subject to the execution of a Deed of Adherence and subject to the provisions set out herein and in the Shareholders' Agreement.

14.1.2. The Parties agree that the Transfer restrictions contained in these Articles shall not be capable of being avoided by the holding of Equity Securities indirectly through a Person that can itself be Transferred in order to indirectly dispose of an interest in the Equity Securities free of such restrictions. Provided however, it is clarified that the limited partners, partners, co-investors and Affiliates of the Investors shall not be restricted, in any manner, from transferring any direct or indirect partnership, equity or economic interest in the Investors to any Persons, subject to such Transfer not resulting in change of Control of such Investor, and that no such transfers shall be subject to any restrictions under these Articles.

14.1.3. Notwithstanding what is stated herein, none of the Existing Shareholders shall be permitted to Transfer any of their respective Equity Securities to any Person including any of their respective Permitted Transferees until March 31, 2018; provided however, that such restriction shall not apply to: (i) any transfers by the Investors pursuant to the terms of these Articles, (ii) any transfer of Equity Shares by the Promoter pursuant to the terms of the Promoter Purchase Agreement, and (iii) any transfer of Equity Shares pursuant to the terms of the JM Purchase Agreement, and (iv) any transfers by Lok pursuant to the terms of the Lok Purchase Agreement.

14.2 Permitted Transfers

Notwithstanding anything contained herein, all or a portion of the Equity Securities held by any of the Shareholders may be Transferred to one or more of their respective Permitted Transferees subject to compliance with the following:

14.2.1. Each Permitted Transferee of any Shareholder to whom the Equity Securities are being Transferred shall execute a Deed of Adherence simultaneous with such Transfer and in any event within 21 (twenty one) days from the date of the Transfer. Irrespective of the date of execution of the Deed of Adherence as mentioned above, the Permitted Transferee shall be automatically subject to all the obligations of the transferring Shareholder from the date of becoming a Shareholder upon Transfer of the Equity Securities by any Shareholder to such Permitted Transferee.

14.2.2. If the Permitted Transferee is going to cease to be a Permitted Transferee of the transferring Shareholder, the Permitted Transferee shall Transfer the Equity Securities acquired pursuant to this Article 14.2 (*Permitted Transfers*) back to (i) the transferring Shareholder or (ii) a Permitted Transferee of the transferring Shareholder, prior to such Permitted Transferee ceasing to be a Permitted Transferee, provided however that if the Equity Securities are transferred to a different Permitted Transferee as provided in para (ii) above, such transfer shall be required to comply with the requirements of Article 14.2.1.

14.2.3. In case of transfer of any Equity Securities by the Promoter Group or JM or the Investors (as the case may be), the Promoter Group or JM or the Investors (as the case may be) shall, upon and after such Transfer, continue to remain liable as the primary obligor of all the obligations of the Promoter Group or JM or the Investors (as the case may be) under these Articles and the Promoter Group or JM or the Investors (as the case may be) shall be liable and responsible for the performance by such Permitted Transferee of its obligations under these Articles.

14.3 Transfers by the Investor

14.3.1. Subject to the provisions of Article 14.2 (*Permitted Transfers*) above, Article 14.3.2 and Article 14.3.5 below, the Investor Securities shall be freely transferable by the Investors and /or its Permitted Transferees. In the event that the Investors or any of its Permitted Transferees proposes to Transfer any of the Investor Securities, the Promoter and the Company shall, subject to Article 14.3.2, provide all co-operation and assistance to the Investors and such Permitted Transferee(s), including (i) providing any potential transferee and its authorized Representatives with reasonable access to Company information (including all properties, assets, corporate, financial and other records, reports, books, Contracts and commitments of the Company) and to discuss and consult with respect to its business, actions plans, budgets and finances with the Directors and executive officers of the Company, as may be reasonably requested by the Investor, and (ii) providing any reasonable assistance that may be required for obtaining any Consents required for such transfer.

14.3.2. The obligations of the Promoter and the Company set out in sub-paragraphs (i) and (ii) of Article 14.3.1 shall be applicable in the following manner:

a. Subject to the Investors proposing to transfer at least 6.75% (six point seven five percent) of the Equity Share Capital, such obligations shall each such transfers proposed by the Investors; and

b. Such obligations shall only be limited to being undertaken twice a year with respect to transfers of less than 6.75% (six point seven five percent)) of the Equity Share Capital proposed by the Investors.

14.3.3. The Investors and/ or a Permitted Transferee shall not sell the Equity Securities held by it to any Person for a period of 6 (six) months from the Effective Date, except to a Permitted Transferee, without the prior consent of the Promoter, except as provided under Article 14.3.5 of these Articles.

14.3.4. Any Person that acquires Equity Securities pursuant to a purchase from the Investor ("**Investor Transferee**") shall be entitled to the following rights (in relation to the Equity Securities thus acquired, as well as any additional Equity Securities acquired from any other Shareholder as a part of the same transaction):

a. In the event the Investor Transferee holds less than 6.75% (six point seven five percent) of the Equity Share Capital, such Investor Transferee shall be entitled to the rights set out under Article 18.2 (*Information Rights*), Article 16.1.7 (*IPO*), Article 14.4.4 (*Investor and JM Tag Along Right*), and Article 14.1 (*Pre-Emptive Right*), in each case at the discretion of the Investor, and shall be subject to all obligations that have been expressed herein to be applicable to all Shareholders shall also be applicable to such Investor Transferee;

b. In the event that the Investor Transferee holds between 6.75% (six point seven five percent) and less than 22% (twenty two percent) of the Equity Share Capital, such Investor Transferee shall be entitled to the following rights, at the discretion of the Investor: (i) the rights referred to under Article 14.3.4(a) above and (ii) the rights that shall be no more favourable than the rights that are available to JM under the terms of these Articles, and shall be subject to all obligations that have been expressed herein to be applicable to all Shareholders shall also be applicable to such Investor Transferee;

c. In the event that the Investor Transferee holds 22% (twenty two percent) or above and up to 25% (twenty five percent) of the Equity Share Capital, such Investor Transferee shall be entitled to the following rights, at the discretion of the Investor: (i) the rights referred to under Article 14.3.4(b) above; (ii) right to appoint 1 (one) Director on the Board and such Director shall have all the rights as are available to the Investor Nominee Director under these Articles; and (iii) right under Article 13 (*Reserved Matters*) with respect to the matters set out under Paras 1, 3, 6, 7, 9, 10, 11, 14, 15, 16, 17, 20 and 21 of **Schedule 1**, in each case, at the discretion of the Investor, and shall be subject to all obligations that have been expressed herein to be applicable to all Shareholders shall also be applicable to such Investor Transferee;

d. In the event that the Investor Transferee holds in excess of 25% (twenty five percent) of the Equity Share Capital, such Investor Transferee shall be entitled to all of the rights that are available to the Investors under these Articles, except Article 16.3 (*Drag Along Right*), in each case, at the discretion of the Investor and shall be subject to all obligations that have been expressed herein to be applicable to all Shareholders and the obligations under Article 14.4.4 (*Investor and JM Tag Along Right*) shall also be applicable to such Investor Transferee; and

e. Following the Transfers above, the transferring Investor and/ or its Permitted Transferees shall only have the rights available, and obligations applicable to an Investor Transferee under this Article 14.3.4, depending on its post transfer percentage of Equity Share Capital.

14.3.5. <u>JM and Promoter Tag Along Right</u>

a. <u>Promoter Tag Along Right</u>. In the event of a proposed Transfer by the Investors of any Investor Sale Securities (as defined under Article 14.3.5(c)) to a Person other than its Permitted Transferee, within a period of 60 (sixty) months from the Effective Date and the Promoter has not provided its consent for such Transfer as set out in Article 14.3.3 above, in such case, the Promoter shall have a Tag Along Right to sell such number of Equity Securities held by it as is equal to the Pro Rata Percentage to the Investor Proposed Transferee at the Tag Along Price and on the same terms and conditions as agreed for with the Investor Proposed Transfer.

b. <u>JM Tag Along Right</u>. In the event of a proposed Transfer by the Investors of any Investor Sale Securities to a Person other than its Permitted Transferee, JM shall have a tag along right to sell such number of Equity Securities held by it as is equal to the Pro Rata Percentage of the Investor Sale Securities to the Investor Proposed Transferee at the Tag Along Price and on the same terms and conditions as agreed for the Investor Proposed Transfer, provided that in the event that the Investors in a single transaction or series of transactions proposes to Transfer such number of Equity Securities, that is equivalent to 50% (fifty percent) of the Equity Share Capital at the time of the Investor Proposed Transfer ("**JM Tag Transfer Threshold**"), provided that all Equity Securities Transferred by the Investors till such date shall be taken into account for the purposes of determining the JM Tag Transfer Threshold, JM shall have the right to sell up to all the Equity Securities held by JM to the Investor Proposed Transferee pursuant to exercising its Tag Along Right under this Article 14.4.4 (*Investor and JM Tag Along Right*).

c. "**Investor Sale Securities**" under this Article 14.3.5 (*JM and Promoter Tag Along Right*), for (I) the purposes of the Tag Along Right of the Promoter set out in Article 14.3.5(a), shall mean such number of

Equity Securities that are in excess of 50% (fifty percent) of the Investor Securities as of (A) the Effective Date (if Second Tranche Completion is not consummated) and (B) Second Tranche Completion Date (if Second Tranche Completion is consummated), and for (II) the purposes of the JM Tag Along Right set out in Article 14.3.5(b) shall mean, any Equity Securities held by the Investor. The transferee of such Investor Sale Securities is referred to as, the "**Investor Proposed Transferee**" and the transfer pursuant to this Article 14.3.5 (*JM and Promoter Tag Along Right*) shall be referred to as "**Investor Proposed Transfer**".

d. The Investors shall give notice of the Investor Proposed Transfer to each of the Promoter (only to the extent required under Article 14.3.5(a)) and JM (being collectively referred to as the "**Tag Transferor**"), setting forth: (i) the name and identity of the Investor Proposed Transferee; (ii) the number of Equity Securities proposed to be Transferred by the Investor and the number of Equity Securities the Investor owns; (iii) the Tag Along Price; (iv) the other terms and conditions of the Investor Proposed Transfer; (v) a representation that no consideration is being provided to the Investor and / or their Permitted Transferees (holding Equity Securities in the Company), as may be applicable, that is not reflected in the Tag Along Price; and (vi) the expected date of consummation of the Investor Proposed Transfer ("**Investor Transfer Notice**"). For the purpose of this Article 14.3.5 (*JM and Promoter Tag Along Right*) the term "**Investor Proposed Transfer**" shall mean the proposed transfer of Equity Securities held by the Investors or its Permitted Transferee, pursuant to Article 14.3.5(a) or 14.3.5(b), as the case may be.

e. In the event any Tag Transferor elects to exercise the Tag Along Right, the Tag Transferor shall deliver a response ("**Tag Along Response**") within a period of 15 (fifteen) Business Days of receipt of the Investor Transfer Notice ("**Investor Tag Along Offer Period**"), indicating its desire to exercise its rights and specifying the Tag Along Securities. If the Tag Transferor issues the Tag Along Response, the same shall be binding and irrevocable on such Tag Transferor. It is hereby clarified that in the event the Tag Transferor fails to deliver the Tag Along Response within the Investor Tag Along Offer Period, it shall be deemed that the Tag Transferor has rejected the Tag Along Right under this Article 14.3.5 (*JM and Promoter Tag Along Right*).

f. The Investor shall not sell any Equity Securities held by it to the Investor Proposed Transferee unless the Investor Proposed Transferee contemporaneously purchases and pays for the Tag Along Securities in accordance with the provisions of this Article 14.3.5 (*JM and Promoter Tag Along Right*)). If (i) the Investor has not issued the Investor Transfer Notice (in accordance with this Article 14.3.5 (*JM and Promoter Tag Along Right*))) or (ii) if the Tag Transferor has elected to exercise their Tag Along Right within the Investor Tag Along Offer Period by delivering to the Tag Along Response and the Investor Proposed Transferee refuses or fails to purchase the Tag Along Securities; the Investor shall not make the Investor Proposed Transfer, and if purported to be made, such Transfer shall not be binding on, or recorded by the Company.

g. The closing of any Transfer of the Tag Along Securities under this Article 14.3.5 (*JM and Promoter Tag Along Right*)) shall occur within 30 (thirty) days from the date of the expiry of the Investor Tag Along Response. At the closing, the Investor Proposed Transferee shall purchase: (i) all of the Tag Along Securities from the Tag Transferor, at a price per Equity Security equal to the Tag Along Price; and (ii) all of the Investor Sale Securities from the Investor at a price per Equity Security equal to the Tag Along Price. At such closing, (a) the Investor Proposed Transferee shall pay the Tag Along Consideration to the Tag Transferor and any requisite stamp duty; and (b) the Tag Transferor shall deliver original share certificates (to the extent applicable) representing the Tag Along Securities, accompanied by duly executed instruments of transfer or shall transfer the Tag Securities from its demat account to the Investor Proposed Transferee's demat account, as the case may be; and (c) the Company shall take all steps to amend the Charter Documents to record the rights of the Investor Proposed Transferee. The Tag Transferor shall deliver the Tag Along Securities to the Investor Proposed Transferee free and clear of any Encumbrance (other than Encumbrances arising hereunder) and, if requested by the Investor Proposed Transferee, the Tag Transferor shall represent and warrant that it is the beneficial and record owner of such Tag Along Securities, free from all Encumbrances (other than Encumbrances arising hereunder). At such closing, all of the parties to the transaction shall execute such additional documents as may be necessary or appropriate to effect the sale of the Tag Along Securities to the Investor Proposed Transferee.

h. In the event that (i) the Tag Transferor does not issue a Tag Along Response during the Investor Tag Along Offer Period; or (ii) the Tag Transferor refuses to exercise its Tag Along Right, the Investor shall, upon expiry of the Investor Tag Along Offer Period, be entitled to complete the Investor Proposed Transfer of the Investor Sale Securities to the Investor Proposed Transferee, at the Tag Along Price and on the same terms as set out in the Investor Transfer Notice, within 45 (forty five) days from the expiry of the Investor Tag Along Offer Period. It is clarified that the Tag Along Right of the Promoter and JM shall again apply with respect to any Transfer of Equity Securities by the Investor to the Investor Proposed Transferee, if the Transfer is not completed within the aforesaid period of 45 (forty five) days following the expiry of the Investor Tag Along Offer Period. The Investor Proposed Transferee shall agree to be bound by the terms and conditions of these Articles as applicable to the Investor and pursuant thereto, shall execute a Deed of Adherence simultaneously with the purchase of the Investor Sale Securities, the Equity Securities held by the Investor, which shall not exceed the number of Equity Securities set out under the Investor Transfer Notice.

14.4 Transfer of Equity Securities by the Promoter Group

14.4.1. The Promoter Group:

a. Subject to Article 14.4.2 (b) below, shall be entitled to Transfer to a transferee (i) up to 8,41,383 (eight hundred forty one thousand three hundred eighty three) Equity Securities at any time post the Effective Date (and such transferee shall be subject to all obligations, and entitled to all rights, applicable to any other Shareholder under these Articles with the same Shareholding); or (ii) subject to consent of Investor 1, such other Equity Securities held by the Promoter; in each case, subject to the right of first refusal of the Investors, in accordance with Article 14.4.3 *(Investor Right of First Refusal)* (and such transferee shall be subject to such obligations, and entitled to such rights, as may be acceptable to the Investor 1). Further, it is agreed that the 8,41,383 (eight hundred forty one thousand three hundred eighty three) Equity Securities shall be in addition to the Promoter Secondary Sale Shares, however notwithstanding the aforesaid, the 8,41,383 (eight hundred forty one thousand three hundred eighty three) Equity Securities form part of such 19,21,436 (nineteen lakhs twenty one thousand four hundred and thirty six) Equity Securities, which if proposed to be Transferred (in a single transaction or series of transactions) by the Promoter Group, shall entitle the Investors and JM to exercise their Tag Along Right with the Promoter Group in accordance with Article 14.4.4.(a) below.

b. Shall be entitled to Transfer Equity Securities pursuant to the Promoter Secondary Sale and the provisions of Article 14.4.4 *(Investor and JM Tag Along Right)* shall not apply to such Transfer; and

c. Shall be entitled to Transfer Equity Securities pursuant to Article 15.3.3 (*JM and Promoter Tag Along Right*), Article 16.1 (*IPO*), Article 16.2 (*Strategic Sale*) and Article 16.3 (*Drag Along Right*);

14.4.2. Except for the Transfers covered under Article 14.4.1, the following restrictions shall apply on any Transfer of Equity Securities by the Promoter Group:

a. Investor consent: Till such time as the Investor together with its Permitted Transferees is the largest holder of Equity Securities on a Fully Diluted Basis, no member of the Promoter Group shall Transfer any of the Equity Securities held by any of them without the prior written consent of Investor 1.

b. The Promoter Group shall not be permitted to Transfer any of their Equity Securities to a Competitor and the Promoter Group shall not transfer or assign any special rights, including any of its rights under these Articles to such Transferee.

c. Upon the Investors together with its Permitted Transferees ceasing to be the largest holder of Equity Securities on a Fully Diluted Basis and till such time as the Investors continue to hold at least 6.75% (six point seven five percent) of the Equity Share Capital, the Promoter Group shall not Transfer such Pro-Rata Equity Securities (as defined herein below) without the prior written consent of Investor 1.

For the purpose of this Article 14.4.2 (d), "Pro-Rata Equity Securities" shall be computed as per the formula set out hereunder:

Percentage number of Equity Securities held by the Investors (on a Fully Diluted Basis) on the said date	X	Percentage number of Equity Securities held by the Promoter Group on the said date (on a Fully Diluted Basis)
Percentage number of Equity Securities held by the Investors (on a Fully Diluted Basis) as on the First Tranche Completion Date or the		

Second Tranche Completion Date (if consummated)

14.4.3. Investor Right of First Refusal. Subject to Article 14.4.1, the Promoter Group shall have the right to Transfer up to 8,41,383 (eight lakhs forty one thousand three hundred and eighty three) Equity Securities of the Company, subject to a right of first refusal of the Investors ("**Right of First Refusal**").

a. Transfer Notice. If any member of the Promoter Group receives a *bona fide* offer from a third party ("**Offeree**") to purchase its Equity Securities and the Promoter proposes to accept such offer, the Promoter Group shall send written notice ("**Transfer Notice**") to the Investor, which notice shall state: (i) the name of the transferring Promoter Group, (ii) the identity of the proposed transferee ("**Transferee**"), (iii) the number of Equity Securities to be Transferred ("**Offered Securities**") (which shall not exceed the number of Equity Securities set out above), (iv) the amount in cash of the proposed transfer consideration per Offered Security ("**Offer Price**"), (v) all other terms and conditions of the proposed Transfer, (vi) a representation that no other consideration is being provided to the Promoter Group in relation to the offer, and shall offer to sell to the Investors all and not less than all of the Offered Securities on the same terms as those made by such third party in the offer and as set out in the Transfer Notice, and (vii) if such proposed Transfer by the Promoter Group is of at least 19,21,436 (nineteen lakhs twenty one thousand four hundred and thirty six) Equity Securities together with all Equity Securities Transferred by the Promoter Group till such date, details of the Promoter Tag Along Response received under Article 14.4.4 (*Investor and JM Tag Along Right)* and if no such notice is received, a confirmation of the same.

b. Right of First Refusal. The Investors shall have the Right of First Refusal, exercisable in its sole discretion within a period of 30 (thirty) days from the date of receipt of the Transfer Notice ("**Offer Period**") to purchase all and no less than all of Offered Securities pursuant to the Notice and upon the other terms and conditions set forth in the Transfer Notice. The Investors may assign to a Permitted Transferee or identify any third party to acquire the Offered Securities

c. Exercise of the Right of First Refusal. The Right of First Refusal shall be exercisable by it by issuing written notice of exercise ("**Acceptance Notice**") within the Offer Period to the Promoter Group. An Acceptance Notice shall be irrevocable and shall be binding on the Investors to purchase the Offered Securities. The failure of the Investors to give an Acceptance Notice within the Offer Period shall be deemed to be a waiver of its Right of First Refusal.

d. Sale to Third-Party Purchaser. If the Investors has not delivered an Acceptance Notice, indicating its intent to purchase all the Offered Securities, to the Promoter Group within the Offer Period, or if the Investors has rejected the offer made by the Promoter Group in the Transfer Notice, then the transferring Promoter Group may Transfer all and not less than all the Offered Securities to the Transferee identified in the Transfer Notice on the terms and conditions set forth in the Transfer Notice; provided, however, that (a) such sale is *bona fide*, (b) the aggregate price for the sale to the Transferee is calculated on a price per Equity Security equal to the Offer Price and the sale is on terms and conditions set forth in the Transfer Notice, and (c) the Transfer is made within 45 (forty five) days following the Offer Period. If such a Transfer does not occur pursuant to the terms and conditions set forth in the Transfer Notice and within the time period mentioned in the preceding sentence, the restrictions provided for herein shall again become effective, and the process set out herein shall become applicable again *de novo.*

e. Closing. The closing of the purchase of the Offered Securities by the Investors shall be held at the registered office of the Company within 60 (sixty) Business Days from the Acceptance Notice. At such closing, the transferring Promoter Group shall deliver certificates representing the Offered Securities, accompanied by duly executed instruments of transfer or duly executed transfer instructions to the relevant depositary participant, if applicable. Such Offered Securities shall be free and clear of any Encumbrance (other than Encumbrances arising hereunder, pursuant to these Articles or attributable to actions by the Offeree), and the transferring Promoter Group shall so represent and warrant and shall further represent and warrant that it is the beneficial and record owner of such Offered Securities. At such closing, all of the parties to the transaction shall execute such additional documents as may be necessary or appropriate to effect the sale of the Offered Securities to the Investor. Post-closing of such Transfer, the Promoter shall notify JM of the same, subject to JM being a Shareholder of the Company at such time.

14.4.4. Investor and JM Tag Along Right

a. Subject to Article 14.4.1, in the event a proposed Transfer by the Promoter Group (in a single transaction or series of transactions) is of at least 19,21,436 (nineteen lakhs twenty one thousand four hundred and thirty six) Equity Securities together with all Equity Securities Transferred by the Promoter Group till such date(except the Promoter Secondary Sale Shares) ("**Promoter Sale Securities**") to any Person ("**Promoter Proposed Transferee**") ("**Promoter Proposed Transfer**"), the Investors and JM shall have a Tag Along Right to sell up to all the Equity Securities held by them to the Promoter Proposed Transferee at the Tag Along Price and on the same terms and conditions as agreed for the Promoter Proposed Transfer and the Promoter Group shall procure that the Promoter Proposed Transferee purchases such Equity Securities of the Investors and JM in accordance with the terms of this Article 14.4.4 (*Investor and JM Tag Along Right)*.

b. The Promoter Group shall give notice of the Promoter Proposed Transfer to the Investors and JM setting forth: (i) the name, address, identity of the Promoter Proposed Transferee and also stating that the Investors may be the Promoter Proposed Transferee pursuant to Article 14.4.3 *(Investor Right of First Refusal)*; (ii) the number of Equity Securities proposed to be Transferred and the number of Equity Securities the Promoter Group together with their Permitted Transferees then own; (iii) the Tag Along Price; (iv) the other terms and conditions of the Promoter Proposed Transfer, (v) a representation that no consideration is being provided to the Promoter Group and / or their Permitted Transferees (holding Equity Securities in the Company), as may be applicable, that is not reflected in the Tag Along Price, provided that the Promoter Group and their Permitted Transferees holding Equity Securities in the Company shall not undertake any Transfer of their Equity Securities for any consideration other than cash consideration; and (vi) the expected date of consummation of the Promoter Proposed Transfer ("**Promoter Transfer Notice**").

c. In the event the Investors and/ or JM elect to exercise the Tag Along Right, the Investors and/ or JM shall deliver a tag along response ("**Promoter Tag Along Response**") within a period of 30 (thirty) Business Days of receipt of the Promoter Transfer Notice ("**Promoter Tag Along Offer Period**"), agreeing/ rejecting the Tag Along Right, indicating the number of Tag Along Securities. If the Investors and/ or JM accept the Tag Along Right by delivering its respective acceptance, the same shall be binding and irrevocable. It is hereby clarified that in the event the Investors and/ or JM fail to deliver the Promoter Tag Along Response within the Promoter Tag Along Offer Period, it shall be deemed that the the Investors and/ or JM (as the case may be) has rejected the tag along right under this Article 14.4.4 (*Investor and JM Tag Along Right)*.

d. Following the earlier of: (i) the receipt of the Promoter Tag Along Response, or (ii) the expiry of the Promoter Tag Along Offer Period, the Promoter Group shall issue a Transfer Notice under Article 14.4.3(a) to the Investors along with details of the Promoter Tag Along Response, if any received under Article 14.4.4(c).

e. The Promoter Group shall not be entitled to sell any Promoter Sale Securities to the Promoter Proposed Transferee unless the Promoter Proposed Transferee contemporaneously purchases and pays for the Tag Along Securities in accordance with the provisions of this Article 14.4.4 (*Investor and JM Tag Along Right)*. If (i) the Promoter has not given the Promoter Transfer Notice, or (ii) if the Investors and/ or JM have elected to exercise the Tag Along Right and the Promoter Proposed Transferee refuses or fails to purchase the Tag Along Securities; then the Promoter Group shall not make the Promoter Proposed Transfer, and if purported to be made, such Transfer shall be void and shall not be binding on the Company.

f. The closing of any Transfer of the Tag Along Securities under this Article 14.4.4 (*Investor and JM Tag Along Right)* shall occur within 30 (thirty) days from the date of the expiry of the Promoter Tag Along Response. At the closing, the Promoter Proposed Transferee shall purchase: (i) all of the Tag Along Securities from the Investors and/ or JM (as the case may be), at a price per Equity Security equal to the Tag Along Price; and (ii) all of the Promoter Sale Securities from the Promoter Group at a price per Equity Security equal to the Tag Along Price. At such closing, (a) the Promoter Proposed Transferee shall pay the Tag Along Consideration in full in readily available funds to the Investors and/ or JM (as the case may be) and any requisite stamp duty; and (b) the Investors and/ or JM shall deliver certificates (to the extent applicable) representing the Tag Along Securities, accompanied by duly executed instruments of transfer or duly executed transfer instructions to the relevant depository participant, as the case may be; and (c) the Promoter and the Company shall take all steps to amend the Charter Documents to record the rights of the Promoter Proposed Transferee. The Investors and/ or JM shall deliver the Tag Along Securities to the Promoter Proposed Transferee free and clear of any Encumbrance (other than Encumbrances arising hereunder) and, if requested by the Promoter Proposed Transferee, the Investors and/ or JM shall represent and warrant that it is the beneficial and record owner of such Tag Along

Securities, free from all Encumbrances (other than Encumbrances arising hereunder). The Investors and/ or JM shall not be required to make any representations or warranties other than as expressly contemplated by this Article 14.4.4(f) At such closing, all of the parties to the transaction shall execute such additional documents as may be necessary or appropriate to effect the sale of the Tag Along Securities to the Promoter Proposed Transferee.

g. In the event that (i) the Investors and / or JM do not issue a Promoter Tag Along Response during the Promoter Tag Along Offer Period, or (ii) the Investors and / or JM reject the right to exercise their respective tag along rights pursuant to this Article 14.4.4 (*Investor and JM Tag Along Right)*; then the Promoter Group shall, upon expiry of the Promoter Tag Along Offer Period, be entitled to complete the Promoter Proposed Transfer of the Promoter Sale Securities to the Promoter Proposed Transferee within a period of 45 (forty five) days following the expiry of the Promoter Tag Along Offer Period, at the Tag Along Price and on the same terms as set out in the Promoter Transfer Notice. It is clarified that the Tag Along Right of the Investors and JM shall again apply with respect to any Transfer of Equity Securities by the Promoter Group to the Promoter Proposed Transferee, if the Transfer is not completed within the aforesaid period of 30 (thirty) days following the expiry of the Promoter Tag Along Offer Period. The Promoter Proposed Transferee shall agree to be bound by the terms and conditions of these Articles as applicable to the Promoter (and to the extent of the Transfer of their Equity Securities) and pursuant thereto, shall execute a Deed of Adherence simultaneously with the purchase of the Promoter Sale Securities.

14.5 Investor Right of First Offer

14.5.1. In the event any of the Shareholders (other than the Promoter and except under the Promoter Purchase Agreement) ("**ROFO Seller**") desires to Transfer any of the Equity Securities held by them ("**Investor ROFO Securities**") to any Person, the Investors shall have a right of first offer (the "**Investor ROFO**") with respect to such Transfer as provided in this Article 14.5 (*Investor Right of First Offer*). Such ROFO Seller shall first deliver to the Investor 1 a written notice ("**Investor ROFO Notice**") offering to sell all the Investor ROFO Securities to the Investors.

14.5.2. If the Investors is interested in purchasing the Investor ROFO Securities, the Investors shall, within 21 (twenty one) Business Days from the date of receipt of the Investor ROFO Notice ("**Investor ROFO Period**"), deliver to the ROFO Seller a written notice of its offer to purchase the Investor ROFO Securities, and the price which it is willing to pay per Investor ROFO Securities ("**Investor Offer Price**"), along with terms and conditions ("**Investor Offer Notice**").

14.5.3. If the Investor Offer Price and terms and conditions set out in the Investor Offer Notice are acceptable to the ROFO Seller, the ROFO Seller shall within 30 (thirty) Business Days from the date of receipt of the Investor Offer Notice, deliver a notice to the Investors accepting the offer contained in the Investor Offer Notice ("**Investor ROFO Acceptance Notice**"). An Investor ROFO Acceptance Notice shall be irrevocable and binding on the ROFO Seller and the Investor. The sale of the Investor ROFO Securities to the Investors shall take place at the registered / corporate office of the Company within 10 (ten) Business Days from the date of the Investor ROFO Acceptance Notice.

14.5.4. If no Investor Offer Notice has been received by the ROFO Seller within the Investor ROFO Period or if an Investor Offer Notice is received within the Investor ROFO Period but has been rejected in writing by the ROFO Seller, the ROFO Seller shall be free to Transfer all the Investor ROFO Securities to any third party within 45 (forty five) days from the end of the Investor ROFO Period or the date of the rejection notice, whichever is later, at a price which is not less than the Investor Offer Price, and terms and conditions which are no less favourable than the terms and conditions offered by the Investors under the Investor Offer Notice.

14.6 Except as provided in Article 14.4.1 (a) and (b), without the prior written consent of Investor 1, no Transfer of Equity Securities by the Existing Shareholders (except JM) to any Person shall take place at a price lower than the Fair Market Value of the Company, as determined by one of the Valuer, acceptable to Investor 1 using internally acceptable valuation methodologies.

14.7 JM Transfer

14.7.1. JM Prohibited Transfers. Notwithstanding anything contained in this Article 14 (*Transfer Restrictions*), JM and its Permitted Transferees shall not Transfer any of its Equity Securities to (i) a Competitor for a period of 4 (four) years from the Effective Date, (ii) a Family-Owned Business Group, or (iii) a banking company registered with the Reserve Bank of India, without the prior written consent of both the Promoter and Investor 1.

14.7.2. A JM Transferee shall be entitled to all rights available to, and subject to all obligations applicable to, JM under these Articles and the Shareholders' Agreement, subject to the JM Transferee continuing to hold at least the JM Threshold.

14.8 Subject to the provisions contained in this Article 14 (*Transfer Restrictions*) including, Articles 14.1 *(Transfer Provisions Applicable),* 14.5 (*Investor Right of First Offer*), 14.6 and 14.7 (*JM Prohibited Transfers*), the Equity Securities held by JM and/or its Permitted Transferee shall be freely transferable by JM and its Permitted Transferee and no restrictions on Transfer contained in these Articles and the Shareholders' Agreement shall apply to any Transfer of the Equity Securities held by JM and/or its Permitted Transferee.

14.9 In the event JM or any of its Permitted Transferees propose to Transfer any of the Equity Securities held by them in accordance with the provisions of this Article 14 (*Transfer Restrictions*), the Company shall, not exceeding once in a Financial Year, provide all co-operation and assistance to JM and such Permitted Transferee(s) by: (i) providing any potential transferee and its authorised Representatives with reasonable information with respect to the Company and its properties, assets, corporate, financial and other books and records, provided that such Transfer (whether individually or together with other Shareholders) shall be for at least 6.75% (six point seven five percent) of the Equity Share Capital and (ii) providing any reasonable assistance that may be required for obtaining any Consents for such transfer.

14.10 If the Equity Securities held by JM (together with its Permitted Transferee) are equal to at least the JM Threshold, then with respect to a single Transfer of Equity Securities equal to or in excess of the JM Threshold by JM (together with its Permitted Transferee, if any) pursuant to the terms of these Articles, the Company shall provide such representations and warranties with respect to the business and operations of the Company to the transferee of such Equity Securities, without any recourse for liability towards the Company and in any and all cases, the aggregate liability of the Company in respect of such representations and warranties shall not exceed INR 1,000 (Indian Rupees one thousand only).

14.11 Representations and Warranties for transfers and further funding:

14.11.1. With respect to a transfer of Investor Securities pursuant to the terms of these Articles including Article 14.3 (*Transfers by the Investor*), Article 16.2 (*Strategic Sale*) and Article 16.3 (*Drag Along Right*) ("**Investor Transfer**"): (i) if the Promoter sells any Equity Securities pursuant to such Investor Transfer, the Company and the Promoter shall provide such representations, warranties, covenants and indemnities with respect to the business and operations of the Company to the transferee of Investor Securities, provided that the indemnity obligations of the Promoter *vis-à-vis* the buyer shall be pro-rata to the purchase consideration received by the Promoter and to the extent of consideration received by other selling Shareholders, there should be no recourse for liability towards the Promoter; and (ii) if the Promoter does not sell any Equity Securities pursuant to such Investor Transfer, the Promoter and the Company shall provide such representations, warranties and covenants with respect to the business and operations of the Company and the Company shall provide such indemnities (without any recourse for liability towards the Promoter) with respect to the business and operations of the Company to the transferee of Investor Securities.

14.11.2. With respect to any Person investing in the Company by way of subscription to Equity Securities to a new investor, the Company and the Promoter shall provide such representations, warranties, covenants and indemnities with respect to the business and operations of the Company to such new investor, provided that the indemnity obligations of the Promoter *vis-à-vis* such new investor shall be proportionate to the Promoter's then existing Pro-Rata Share.

15 EXIT

15.1 <u>IPO</u>

15.1.1. The Company, the Promoter and the Investors agree that it is their intention to undertake an IPO of the Company acceptable to the Investor, at the earliest possible time. In view thereof, the Company and the Promoter shall take steps to complete a IPO at any time post the IPO Trigger Date, in accordance with applicable Law and all applicable guidelines and regulations promulgated by SEBI from time to time ("**SEBI Regulations**"). The Company shall cause such IPO to be consummated by way of listing of the Equity Shares of the Company on one or more Recognized Stock Exchanges.

15.1.2. The Company shall and the Promoter shall cause the Company to take all such steps and do all such acts, deeds, matters and things as may be required, and extend all cooperation to each other and the investment banks, lead managers, underwriters and other Persons as may be required for the purpose of expeditiously making and completing an IPO, including:

a. undertaking the requisite corporate actions (including passing the requisite resolutions at the Board and shareholders meetings);

b. appointing intermediaries and advisors (including legal and financial) to facilitate the process;

c. providing reasonable access to various intermediaries and advisors (including legal and financial), to the documents, offices and facilities of the Company, in order to provide adequate disclosures under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or other applicable Law;

d. extending all such co-operation to the IPO merchant banker, the syndicate members, underwriters and all other advisors;

e. providing all necessary information and documents necessary to prepare the offer documents;

f. preparation of all necessary marketing material and documents to position the Company appropriately for the IPO;

g. filing all requisite documents with appropriate Governmental Authorities;

h. obtaining any necessary consents in relation to the IPO;

i. providing all necessary resources and personnel (including senior management personnel) to ensure compliance of the obligations set out herein;

j. filing the draft red herring prospectus with SEBI and providing true, fair and correct responses to SEBI's observations on the draft red herring prospectus and finalizing and filing the red herring prospectus within 14 (fourteen) days of the receipt of SEBI observations;

k. finalizing the financial statements of the Company as required for the IPO and ensuring that the Company's auditors co-operate with the managers and other advisors to the offer and provide all required certifications and comfort letters in customary form;

l. satisfying the minimum promoter's contribution requirement;

m. signing the final draft red herring prospectus prior to the same being filed with the SEBI;

n. complying with and completing all necessary formalities to ensure listing; and

o. doing such other acts, deeds and things as may be required to be done by the Company and the Promoter under applicable Law or as reasonably requested by the Investors to facilitate the consummation of the IPO.

15.1.3. The Company and the Promoter shall, and hereby undertake that they shall execute, do and take all such steps as may be in its powers to execute, do and take or procure to be executed, taken or done and to execute all such further documents, agreements and deeds and do all further acts, deeds, matters and things as may be required to undertake the IPO, to facilitate the IPO process and to do everything else necessary that is necessary or desirable in order to achieve the IPO post the IPO Trigger Date.

15.1.4. The Company, the Promoter and the Investors will explore the possibility of undertaking such IPO without a designated 'promoter' and will discuss this in good faith with the merchant bankers to be engaged with respect to the IPO. As part of the IPO, subject to applicable Law and based on the views expressed by the merchant bankers to the IPO, if any Equity Securities of the Company are required to be locked-in or required to be subject to any lock – in or or required to be subject to any Encumbrance, as applicable to 'promoters' in respect of any IPO, the Promoter Group shall be responsible for meeting such lock-in and/or Encumbrance requirements by offering or making available Equity Securities held by them in the Company for the purposes of any mandatory lock-in as applicable to 'promoters' in respect of any IPO provided that the Promoter Group shall not be required to lock-in more than 50% (fifty percent) of the Equity Securities held by the Promoter Group at such time.

15.1.5. The Company shall ensure that the Investors and/ or JM shall not be classified as a 'promoter' of the Company for any reason whatsoever. The Promoter undertakes that, as long as (i) the Promoter holds an executive position in the Company, or (ii) holds at least the Promoter Minimum Shares, it shall comply with all obligations imposed under Law in relation to promoters. Subject to (i) or (ii) above, the Company and the Promoter undertake not to designate the Investors and/ or JM as a "promoter" of the Company or make any declaration or statement, either directly or indirectly, in filings with regulatory or Governmental Authorities, offer documents or otherwise mentioning the Investors and/ or JM as a "promoter". In the event a Governmental Authority, rules, holds or adjudicates that the Investors and/ or JM is/ are "promoter(s)" of the Company, or requires the Company to categorize the Investors and/ or JM as "promoter" of the Company in any filings or documents, the Company shall immediately inform the Investors and/ or JM of the same in writing and the Company and the Promoter Group further undertake to do all things reasonably required, take all reasonable steps and make all appropriate representations in consultation with the Investors and/ or JM so that the Investors and/ or JM is/ are not considered "promoter(s)".

15.1.6. The Investors and JM shall not be required to give any representation, warranty or indemnity whatsoever in connection with the IPO, including to the IPO merchant banker, other than warranties that: (i) the Equity Shares, offered for sale by the Investors and JM in the IPO are free from Encumbrances and that the Investors and JM have legally valid title to such Equity Shares, and (ii) the authority and capacity of the Investors and JM to participate in such offer for sale. To the extent that any of the Promoter Nominee Directors, or the Investor Nominee Directors or the JM Nominee Directors are required under applicable Law to give any other representation, warranty, indemnity or covenant (collectively, "**Director Undertaking**") in connection with the IPO, the Company shall reimburse, indemnify, defend and hold harmless such Nominee Director(s) on written demand, from and against any and all losses, damage, liability or other costs or expenses whatsoever arising out of, in relation to or resulting from such Director Undertaking.

15.1.7. Any IPO shall be by way of issuance of new Equity Securities and / or sale of existing Equity Securities. The Promoter Group, the Investors and JM shall have the right (but not the obligation) to offer, as a part of such offer for sale, all or part of the Equity Shares held by each of them, on the same terms and conditions, including the price, on which the Equity Shares of the Company are listed in the IPO. In the event the Promoter Group, the Investors or JM wishes to offer any Equity Shares held by any of them for sale in the IPO as provided herein, then the Company shall undertake all necessary steps to ensure that such Equity Shares are offered for sale in the IPO. Subject to the lock-in requirements as set out in Article 15.1.4, the Promoter Group, Investors and JM shall have the right (but not the obligation), exercisable at each of their sole discretion, to offer Equity Securities held by each of them in the *inter se* Pro-Rata Share, respectively in any IPO, provided that JM shall not be permitted to offer a higher percentage of Equity Securities held by it than the percentage of Equity Securities proposed to be offered by the Investors in any IPO. Further, (unless agreed otherwise mutually by the Investor, JM and the Promoter) the Investor, JM and the Promoter undertake to offer such number of their Equity Shares proportionately for sale pursuant to the IPO as may be required to meet the minimum offer requirement under Law for listing of the Equity Shares of the Company in an IPO, if such minimum offer requirement is not fulfilled after taking into account the number of Equity Shares proposed to be offered by the Investors and/or JM and/ or the Promoter, for sale in accordance with this Article 15.1.7.

15.1.8. All matters with respect to any IPO including the timing, offer price per Equity Share, size of the issuance, stock exchange of listing, mode, parameters, valuation, selling shareholders, underwriters, legal advisors and other matters and/or terms of any IPO, shall be subject to the prior written consent of Investor 1.

15.1.9. The Company shall bear all fees, costs and expenses of such IPO including, without limitation, all registration, filing, qualification and similar fees (other than underwriting commission and discounts) and all printers, attorneys' and accounting fees and disbursements ("**IPO Costs**"). Notwithstanding the aforesaid, the Shareholders of the Company participating in the IPO and the Company, in case of fresh issue of shares by the Company in such IPO, shall bear such portion of IPO Costs which is proportionate to its participation in the IPO.

15.1.10. In the event that, the IPO does not complete such that the entire issued Equity Share Capital of the Company is not admitted to trading on a Recognized Stock Exchange by the end of a period of 12 (twelve) months of the Investors or the Promoter or JM having consented to any alteration to their respective rights as set out in these Articles and/or the rights attaching to the Equity Securities held by each of them (such alterations being, collectively, the "**Conforming of Rights**"):

then each of the Investor, the Promoter and JM shall have the right to issue a notice to the Company requiring it to take all steps required to place them in the same position and possess the same preferential and other rights the Investors and/ or the Promoter and/ or JM (as the case may be) had the benefit of immediately prior to the Conforming of Rights. Upon the Investors and/ or the Promoter and/ or JM serving such notice to the Company, the Company shall ensure that, within 30 (thirty) days of receipt of such notice by the Investors and/ or the Promoter and/ or JM (as the case may be), undertake all necessary actions to ensure that the Investors and/ or the Promoter and/or JM are placed in the same position and all rights the Investors and/or the Promoter and/ or JM had the benefit of prior to the Conforming of Rights are reinstated in the form and manner acceptable to the Investors and/ or the Promoter and/ or JM.

15.1.11. Notwithstanding anything contained in these Articles and/or any other Transaction Documents, the Company hereby agrees and undertakes that irrespective of what is stated in this Article 15.1 *(IPO)*, if any Shareholder is required by Law to drop any of the rights set out in this Agreement, they will appropriately discuss with the various regulatory authorities and ensure that minimum changes or variations are made to the rights of the Shareholders. The Company shall further take all reasonable actions (including making relevant filings for Consents with Governmental Authorities) to ensure that the relevant Shareholders shall at all times continue to have the right to appoint the nominee directors irrespective of such IPO.

15.2 Company Sale Rights.

15.2.1. Post the IPO Trigger Date, the Investors and the Promoter shall have the right to jointly undertake a strategic sale, merger, consolidation, amalgamation, reconstruction or any other form of restructuring, business transfer or asset transfer, which may involve the transfer of the whole of the assets, business, undertaking or other properties of the Company or its Subsidiaries or all of the Equity Securities of the Company or any Subsidiaries of the Company, or any combination thereof, in each case to any Person, including a Competitor ("**Strategic Sale**"), provided that if the Strategic Sale is undertaken by way of a merger or amalgamation with (i) an Affiliate of any of the Investors or the Promoter, or (ii) a portfolio company of any of the Investors; the prior written consent of each of JM and Valiant shall be required.

15.2.2. If the Investors and the Promoter exercises its rights pursuant to Article 15.2 (*Company Sale Rights*), the Company, the Promoter and each of the Shareholders shall, and shall ensure that each of their respective Permitted Transferees that hold any Equity Securities in the Company, cooperate in, and shall take all actions that the Investors deems reasonably necessary to complete the Strategic Sale, including voting their respective Equity Securities (or executing and delivering any written Consents in lieu thereof) in favour of the Strategic Sale and against any action or proposal that may prevent, hinder or impede the completion of the Strategic Sale, procuring any Governmental Approvals or Consents necessary to complete the Strategic Sale and not exercising any dissent or similar rights to which they may be entitled in connection with the Strategic Sale.

15.2.3. The Company, the Promoter and the other Shareholders shall, and shall ensure that each of their respective Affiliates that hold any Equity Securities in the Company shall, enter into definitive agreements as are customary for transactions of the nature of the proposed Strategic Sale and the Promoter, the Shareholders and their respective Permitted Transferees that hold any Equity Securities in the Company agree to give or make customary warranties, representations, covenants and indemnities in connection with the Strategic Sale and agree to explore options to obtain insurance coverage for the same.

15.3 Drag Along Right

15.3.1. If an IPO or a Strategic Sale has not occurred till the Drag Trigger Date, the Investors shall have the right exercisable in their sole discretion, to call upon the Promoter and each of the other Shareholders and each of their respective Permitted Transferees to sell all (but not part) of the Equity Securities held by them in the Company in exercise of the Investor's drag along right under this Article 15.3 (*Drag Along Right*) to any Person, including a Competitor.

15.3.2. If the Investors exercises its rights pursuant to Article 15.3.1, then the Investors shall have the right, exercisable in its sole discretion, to require the Shareholders other than the Investors ("**Remaining Shareholders**") to Transfer and cause their Permitted Transferees to sell to all (but not part) of the Equity Securities held by them ("**Drag Securities**") in accordance with the provisions of this Article 15.3 (*Drag Along Right*) ("**Drag Along Sale**") provided the Investors proposes to sell all (but not part) of the Investor Equity Securities to a Person other than a Permitted Transferee ("**Drag Transferee**").

15.3.3. The Investors may, at any time after the expiry of the Drag Trigger Date, furnish to the Remaining Shareholders a written notice ("**Drag Notice**") notifying them of: (i) its proposal to sell all the Investor

Securities to a Drag Transferee and its decision to exercise its rights under this Article 15.3 (*Drag Along Right*); and (ii) the price per Equity Share ("**Drag Price**") offered by the Drag Transferee.

15.3.4. Upon the issuance of the Drag Notice, the remaining Shareholders shall be required to Transfer the Drag Securities to the Drag Transferee, at a price per Equity Security equal to the Drag Price and (subject to Article 15.3.6) on the same terms and conditions as the Investor.

15.3.5. The closing of the purchase of the Drag Securities by the Drag Transferee, from the Remaining Shareholders and their Permitted Transferees shall take place simultaneously with the closing of the purchase of Investor Securities by the Drag Transferee. At such closing, the Remaining Shareholders shall deliver certificates representing the Drag Securities (to the extent applicable), accompanied by duly executed instruments of transfer or duly executed transfer instructions to the relevant depository participant. Such Drag Securities to be sold shall be free and clear of any Encumbrance. At such closing, all of the parties to the transaction shall execute such additional documents as may be necessary or appropriate to effect the sale of the Drag Securities to the Drag Transferee.

15.3.6. The Shareholders undertake to obtain all corporate approvals and consents required for the transfer of the Drag Securities to the Drag Transferee. If requested by the Drag Transferee, and if the Promoter still holds an executive role in the Company, the Promoter shall provide to the Drag Transferee services reasonably requested by the Drag Transferee which may be required for transition of Control of the Company from the Promoter to the Drag Transferee for a mutually agreed period, which shall not be more than 2 (two) years in any event and on terms mutually agreed thereat, which in relation to any executive engagement with the company shall be in no event less than the compensation then payable by the Company to the Promoter as per the terms of employment applicable as on such date and reasonably taking into account any inflation linked increase.

15.4 The Parties agree that each of the rights of the Investors under these Articles, and in particular the rights of the Investors under Articles 15.2 (*Company Sale Rights)* and 15.3 (*Drag Along Right*) of these Articles, are independent rights of the Investors and are mutually exclusive, and each such right may be exercised by the Investor, at its sole discretion, either individually or together with the other rights available to it under this Article 15 (*Exit*).

15.5 Co-operation

The Company and the other Shareholders undertake to do all such reasonable acts, deeds, matters and things as may be required for sale of any Equity Securities held by the Investors under this Article 15 (*Exit*), to the extent applicable, including without limitation: (i) providing the proposed transferee with access to such documents and information and provide copies of documents including confidential information, as may be reasonably required by such proposed transferee for legal, commercial, financial and technical due diligence of the Company and its Subsidiaries (if any), (ii) preparing and sharing a business plan with the proposed transferee (if so requested by the Investor and/ or JM as the case may be), (iii) providing investment bankers with such documentation and information as may be required by the investment bankers to arrive at appropriate valuations, obtaining all necessary consents (statutory or otherwise) (to the extent required in the proposed Transfer), and (iv) participating in the discussions held and meeting with the proposed transferee and provide any other cooperation as is advised to be necessary by the investment bankers.

16 RELATED PARTY CONTRACTS

16.1 Any and all transactions entered into by the Company and/ or its Subsidiaries (if any) with Related Parties on or after the Effective Date shall be on an arm's length basis and shall be subject to the prior written consent of the Investor.

16.2 Further, the Company shall, and the Promoter shall cause the Company to, ensure that it does not and its Subsidiaries do not enter into any transaction or agreement with third parties in which any Director and/ or its Subsidiaries (if any) or a Related Party has a material interest unless such transaction or agreement is on an arm's length basis.

16.3 The Board shall formulate such policies and procedures to ensure that best corporate governance procedures are followed by the Company while entering Related Party Contracts. Every quarter, the Board shall be presented with an audit report detailing the Related Party Contracts entered into by the Company and the price at which the Contract has been entered into as against the market price for such Contracts ("**Audit Report**"). The Audit Report shall also set out the purpose of entering into the Related Party Contract with the rationale as to reason the Contract could not be entered into with another Person who is not a Related Party.

16.4 On the basis of the above, the Investor and the Promoter shall mutually decide which Related Party Contracts should be continued, modified or discontinued.

17 INFORMATION RIGHTS

17.1 Any Shareholder (including a transferee of Equity Securities) holding more than 10% (ten per cent) of the Equity Share Capital, in addition to such information that any Director of the Company is entitled to obtain, be entitled to receive from the Company (for the purpose of this Article 17 (*Information Rights*) (reference to "Company" shall include the Subsidiaries and the Group Companies), the following information:

17.1.1. Unaudited quarterly financial statements, including statements of income, cash flow statements and statements of changes in shareholders' equity, of the Company all in reasonable detail and stating in comparative form the figures as of the end of and for the comparable quarters of the preceding Financial Year and budgeted figures for the quarter, certified by the chief financial officer of the Company within 45 (forty five) days of the end of each quarter;

17.1.2. Annual audited financial statements of the Company within 90 (ninety) days following the closure of the preceding Financial Year including the related consolidated statements of income, statements of changes in shareholders' equity and statements of cash flows of the Company for such Financial Year, all in reasonable detail and stating in comparative form the figures as at the end of and for the previous Financial Year accompanied by an opinion of the external auditor of the Company, which opinion shall state that such auditor's audit was conducted in accordance with Indian GAAP and that it is not subject to any qualification resulting from a limit on the scope of the examination of the financial statements or the underlying data or which could be eliminated by changes in the financial statements or the notes thereto or by the creation of or increase in a reserve or a decreased carrying value of assets;

17.1.3. Monthly operational reports (management information system reports) of the Company within 15 (fifteen) days of the end of each month detailing key operational performance indicators and statistics in a form reasonably satisfactory to the Investor;

17.1.4. Minutes of the Board (to the Shareholders having Nominee Directors on the Board) and shareholders' meetings of each of the Company, within 10 (ten) days of the concerned meeting;

17.1.5. Agenda of the Board (to the Shareholders having Nominee Directors on the Board) and Shareholders' meetings of each of the Company, simultaneously with circulation to the Directors;

17.1.6. Business Plan as approved in accordance with these Articles within 10 (ten) days of such approval;

17.1.7. A written notification setting out sufficient details of any material claims or litigations filed or threatened (in writing) by or against the Company or any circumstances which may give rise to the same (including any claims, investigations or litigation relating to service deficiency or medical negligence or any claims, investigations or litigations by any Governmental Authority against the Company), within 7 (seven) Business Days from the date on which either the Company becomes aware of the same;

17.1.8. A written notification of any event likely to have a material impact on the Business, operations of the Company within 7 (seven) Business Days from the date on which either the Company or the Promoter become aware of the same;

17.1.9. A written notification of any withdrawal of any lending facility by a lender of the Company within 1 (one) Business Day from the date on which the Company becomes aware of the same;

17.1.10. A written notification of any receipt of any notice of breach of, or default under, or termination of, any material Contract from a counterparty to such material Contract, within a period of 3 (three) Business Days from receipt of such notice by any Group Entity;

17.1.11. A written notification of any change in any Key Managerial Personnel and any employees directly reporting to the Managing Director, within 15 (fifteen) Business Days from the date on which either the Company becomes aware of the same; and

17.1.12. Such additional information as may be requested from time to time by the Investors within 3 (three) Business Days of making such request.

17.2 Any Shareholder (including a transferee of Equity Securities) holding more than 2% (two percent), but less than 10% (ten per cent) of the Equity Share Capital shall be entitled to obtain from the Company the information:

17.2.1. Unaudited quarterly financial statements, including statements of income, cash flow statements and statements of changes in shareholders' equity, of the Company all in reasonable detail and stating in comparative form the figures as of the end of and for the comparable quarters of the preceding Financial Year and budgeted figures for the quarter, certified by the chief financial officer of the Company within 45 (forty five) days of the end of each quarter;

17.2.2. Annual audited financial statements of the Company within 90 (ninety) days following the closure of the preceding Financial Year including the related consolidated statements of income, statements of changes in shareholders' equity and statements of cash flows of the Company for such Financial Year, all in reasonable detail and stating in comparative form the figures as at the end of and for the previous Financial Year accompanied by an opinion of the external auditor of the Company, which opinion shall state that such auditor's audit was conducted in accordance with Indian GAAP and that it is not subject to any qualification resulting from a limit on the scope of the examination of the financial statements or the underlying data or which could be eliminated by changes in the financial statements or the notes thereto or by the creation of or increase in a reserve or a decreased carrying value of assets;

17.2.3. Minutes of the Board and shareholders' meetings of each of the Company, within 10 (ten) days of the concerned meeting;

17.2.4. Agenda of the Board and Shareholders' meetings of each of the Company, simultaneously with circulation to the Directors;

17.2.5. Business Plan as approved in accordance with these Articles within 10 (ten) days of such approval;

17.2.6. A written notification of any event likely to have a material impact on the Business, operations of the Company within 7 (seven) Business Days from the date on which either the Company or the Promoter become aware of the same;

17.2.7. A written notification of any change in any Key Managerial Personnel and any employees directly reporting to the Managing Director, within 15 (fifteen) Business Days from the date on which either the Company becomes aware of the same;

17.2.8. Monthly operational reports (management information system reports) of the Company within 15 (fifteen) days of the end of each month detailing key operational performance indicators and statistics in a form reasonably satisfactory to the Investor; and

17.2.9. A written notification setting out sufficient details of any material claims or litigations filed or threatened (in writing) by or against the Company or any circumstances which may give rise to the same (including any claims, investigations or litigation relating to service deficiency or medical negligence or any claims, investigations or litigations by any Governmental Authority against the Company), within 7 (seven) Business Days from the date on which either the Company becomes aware of the same.

17.3 The Company shall permit and shall cause to be permitted the Investors and their respective representatives, counsel, accountants and other consultants, at the said Shareholders' expense during working hours and upon providing prior notice of 2 (two) Business Days to the Company:

17.3.1. access to the books and records, facilities, properties, management, employees, accounting and legal advisors of the Company and its Subsidiaries, (if any);

17.3.2. to conduct an audit on the financial affairs of the Company and its Subsidiaries (if any);

17.3.3. to examine of books and records of the Company and its Subsidiaries (if any);

17.3.4. to inspect the premises, branches from where the Company and/ or its subsidiaries (if any) perform their operations, and properties and assets of the Company and its Subsidiaries (if any); and

17.3.5. to hold discussions regarding the business, operations, conditions, actions, plans, budgets and finances of the Company and its Subsidiaries (if any) with their directors, Key Managerial Personnel auditors and / or legal advisors.

17.4 The Company shall comply with all reasonable requests made by the Investors as to any details to be included and the formats or additional reporting information with respect to the financial statements, minutes and other documents to be furnished by the Company under this Article 18 (*Information Rights*).

18 FALL AWAY OF RIGHTS

The rights of the Promoter and/or JM and/ or the Investors, except those identified under Clause 14 (as applicable) of the Shareholders' Agreement and incorporated in these Articles, shall automatically fall away in accordance with the provisions of Clause 14 of the Shareholders' Agreement.

19 OTHER COVENANTS

19.1 Promoter Further Funding

19.1.1. The Investor and the Promoter hereby undertake that they shall not take any action which shall be in contravention to the terms of the Promoter Subscription Agreement.

19.2 Business Practices and Compliance

19.2.1. The Company covenants, undertakes and represents that on and from the Effective Date, it shall not and shall not permit any of its Subsidiaries and the Group Companies, to or any of its or their directors, officers, managers, employees, independent contractors, representatives or agents to promise, authorize or make any payment to, or otherwise contribute any item of value to, directly or indirectly, any non-United States official, in each case, in violation of Anti-Corruption Laws or of any other applicable anti-bribery or anti-corruption laws.

19.2.2. The Company further covenants, undertakes and represents that, with effect from the Effective Date, it shall cause itself and each of its Subsidiaries and Group Companies (Pursuant to the Restructuring) to maintain systems of internal controls acceptable to the Investors (including, but not limited to, accounting systems, purchasing systems and billing systems) to ensure compliance with the Anti-Corruption Laws or any other applicable anti-bribery or anti-corruption laws.

19.3 Liquidation Preference

19.3.1. In the event there occurs a Company Liquidation Event, then, subject to applicable Laws, the total proceeds from such Company Liquidation Event remaining after discharging or making provision for discharging the liabilities of the Company shall be distributed as follow: (i) first, to the Investor; (ii) second, to JM, and (iii) last, to the other Shareholders of the Company (except Investors and JM) in proportion to their Equity Securities in the Equity Share Capital ("**Liquidation Preference**").

19.3.2. The amount to be paid to the Shareholders upon the occurrence of a Company Liquidation Event in the Liquidation Preference would be equal to the higher of: (i) the amount of investment by the said Shareholders' in the Company plus all accrued and unpaid dividends, or (ii) proceeds proportionate to their Equity Share Capital.

19.4 Accounts and Auditors

The Company shall keep proper, complete and accurate books of account in Indian Rupees in accordance with Indian GAAP. An annual audit of the books of accounts, records and affairs of the Company shall be made each year immediately following the close of the Financial Year by the auditor of the Company within a period of 90 (ninety) calendar days after the end of each Financial Year. The Company shall maintain a system of accounting adequate to identify its material assets, liabilities and transactions and to permit the preparation of financial statements in accordance with Indian GAAP. The Company further undertakes to make such annual reporting to the Investors as may be required by the Investors for any statutory and Tax filings required to be made by the Investors or their Affiliates, parent/group companies in the respective jurisdiction of their incorporation and/or listing. The Company shall have their Accounts audited in accordance with such standards by reputable firms of international accountants, to be mutually agreed among the Promoter and Investor 1 and as may be appointed by the board. The statutory auditors of the Company shall be any 1 (one) of the Big Four Accounting Firms.

19.5 Insurance

The Company shall keep insured at all times and maintain insurance policies in a sufficient amount and with such coverage as is mutually agreed to between Investor 1 and the Promoter. Such policies shall be sufficient to cover liabilities in relation to product liabilities, fire, acts of God that the facilities of the Company could be subject to. The Company shall obtain and maintain (i) D&O Policies; and (ii) fidelity and keyman insurance policy in relation to the Promoter.

19.6 Compliance with Laws

The Company shall, and the Promoter shall ensure that the Company shall, comply with all Laws applicable to the Company. The Company shall not, and the Promoter shall ensure that the Company does not, incur any liabilities, or undertake any activities, other than in relation to their business.

19.7 Business Plan

The Managing Director of the Company shall deliver a draft annual Business Plan for the ensuing Financial Year not less than 30 (thirty) days prior to the end of the previous Financial Year and table such draft Business Plan at a meeting of the Board of the Company. The Business Pan shall be approved by the Board before the beginning of the said Financial Year and shall be subject to the prior written consent of Investor 1.

19.8 Increase in Authorised Capital

The Company and the Promoter shall take all steps as may be necessary to increase its authorized share capital as shall be sufficient for the issuance of the Equity Shares on the conversion of the CCPS, including, without limitation, obtaining requisite shareholder approval(s) for any necessary amendment to the Charter Documents, so that the Company can issue the Equity Shares on the conversion of the CCPS to the Investors on the Conversion Date.

19.9 ESOP Scheme

19.9.1. The Company shall adopt a stock option scheme comprising of 20,68,650 (twenty lakhs sixty eight thousand six hundred and fifty) Equity Shares ("**Agreed ESOP Scheme**"), in order to incentivize Key Managerial Personnel of the Company, other than the Promoter, and such other key employees as may be mutually decided by the Company, Promoter and the Investors, in consultation with JM. The Company, Promoter and Investor 1 shall jointly decide the various terms and conditions of the Agreed ESOP Scheme including its size and distribution. It is however, agreed that the strike-price of the options under the Agreed ESOP Scheme shall not be lower than the Investor Entry Price. Any persons acquiring Equity Shares pursuant to exercise of the stock options issued pursuant to the ESOP Scheme shall not, without the prior written consent of the Promoter and Investor 1, directly or indirectly Transfer any equity options held by them in the Company.

19.9.2. It is also agreed to by all the Parties that upon exercise of the options under the ESOP Scheme, the shareholding of the Shareholders in the Equity Share Capital of the Company would be diluted and reduced proportionately following issuance of Equity Shares pursuant to the exercise of the options granted in accordance with the ESOP Scheme.

20 INTENT AND EFFECT OF THESE ARTICLES AND THE SHAREHOLDERS' AGREEMENT

20.1 The Parties undertake to ensure that they, their representatives, proxies and agents representing them at the general meetings of the Shareholders shall at all times exercise their votes and, through their respective Nominee Directors (or alternate directors) at Board meetings and otherwise to the extent permitted by Law, act in such manner so as to comply with, and to fully and effectually implement, the spirit, intent and specific provisions of these Articles and the Shareholders' Agreement. Each Shareholder shall exercise its shareholder and board level voting and contractual rights, and shall take all other actions necessary, to give effect to the provisions of these Articles and the Shareholders' Agreement and

20.2 The Shareholders shall exercise their voting rights on their Equity Shares and shall take all other action necessary or required, to ensure that at all times the articles of association and memorandum of association of each of the Subsidiaries facilitate, and do not conflict with, the provisions of these Articles, and require the approval of the Company or the Board of the Company in order for each of the Reserved Matters, which approval shall be granted in terms of Article 12 (*Reserved Matters*).

20.3 Each of the Parties undertakes with each other to fully and promptly observe and comply with the provisions of these Articles to the intent and effect that each and every provision thereof shall be enforceable by the Parties hereto *inter se* and in whatever capacity.

21 Assignment and successors

21.1 Except as provided in these Articles, without the Investor 1's consent, each of the Parties (excluding JM) including the Promoter and the Company shall not be entitled to, nor shall they purport to, assign, transfer, charge or otherwise deal with all or any of their rights and/or obligations under these Articles nor grant, declare, create or dispose of any right or interest in it, in whole or in part. The Investors and JM shall be entitled to assign, transfer, charge or otherwise deal with all or any of its rights and/or obligations under these Articles and to grant, declare, create or dispose of any right or interest in it, in whole or in part, without the consent of the other Parties, in accordance with the provisions of these Articles. For the avoidance of doubt, subject to the terms of these Articles, it is clarified that the Investors and JM shall be entitled to assign any or all of its rights and/or transfer any or all of its obligations hereunder to any Person with the simultaneous transfer of their respective Equity Securities, transferred in terms of these Articles.

21.2 Notwithstanding anything to the contrary contained herein, or in any other Transaction Document, the legal heirs or successors of the Promoter shall not be liable or responsible for the obligations of the Promoter, in case of any permanent disability or death of the Promoter.

22 Termination

22.1 The provisions of these Articles shall cease to apply vis-à-vis any Shareholder, who ceases to hold any Equity Securities, provided that nothing herein shall prejudice any rights or obligations of a Person who becomes a party to the Shareholders' Agreement by executing a Deed of Adherence pursuant to a Transfer of Equity Securities to such Person by such erstwhile Shareholder. For avoidance of doubt, any reference to such Shareholder who either, ceases to hold Equity Securities or has Transferred a part of total Equity Securities held by it to a Person in accordance with these Articles and the Shareholders' Agreement, by executing a Deed of Adherence, subject to provisions of Article 15, shall be deemed to be include a reference to such transferee of such transferring Shareholder, without a requirement to amend these Articles.

SCHEDULE 1

INVESTOR RESERVED MATTERS

The following actions of the Company shall require the affirmative vote of Investor 1:

1. Any future issuance or allotment of Equity Securities, except (i) Second Tranche Subscription Securities (as defined in the SSA); and (ii) a CAR Issuance;
2. Any Transfer of Equity Securities by the Existing Shareholders other than JM, except any Transfer in accordance with the terms of these Articles;
3. Any change in capital structure of the Company, including by way of repurchase, redemption, buy - back or cancellation any equity securities or equity linked securities and any rights attached thereto or otherwise permitting any change in the class rights for any equity securities or equity linked securities, undertaking any stock splits or stock consolidations, or modifying or adopting any employee stock option plan, including issuance of any Equity Securities in relation to an IPO, provided, however, that a CAR Issuance shall not be an Investor Reserved Matter;
4. Any appointment/removal of Independent Directors to/from the Board and any change in the composition of the Board of the Company;
5. Any proposal, decision or plan for any IPO, reverse merger or any induction of strategic or financial partners;
6. Any business restructuring, merger, amalgamations and acquisitions, de-merger, re-organization and/ or disposition of assets of the Company other than those contemplated under the Business Plan (including both acquisition and disposal);
7. Creation of subsidiaries of the Company, selling or otherwise disposing of any equity securities of any Subsidiary, amending the rights of the Company in any Subsidiary, entering into any joint venture agreements or profit sharing agreements;
8. Approval and adoption of the Business Plan and any deviations thereof in excess of 10% (ten percent);
9. Borrowings or providing guarantees other than those approved under Business Plan (provided, however, that a deviation of 10% (ten percent) or less shall not be an Investor Reserved Matter);
10. Capital expenditures, or raising of any debt, other than as approved under Business Plan (provided, however, that a deviation of 10% (ten percent) or less shall not be an Investor Reserved Matter);
11. Investments (including follow on investments) made by the Company either in the form of loans or subscription to equity instruments, otherwise than in the Ordinary Course of Business;
12. Write-off of any receivables, loans and advances investments or inventories by the Company in excess of INR 5,00,00,000 (Rupees five crores only) per Financial Year;
13. Any Contracts between the Existing Shareholders and their Affiliates, and the Company in excess of INR 2,00,00,000 (Rupees two crores only);
14. Any material expansions, diversification, investments, divestments, or any other change in the Business;
15. Declaration of dividends or any other form of distribution to the Shareholders;
16. Any adverse material change in the scope, nature and/or activities of the Business;
17. Any amendment to these Articles, the Memorandum or the Shareholders' Agreement, or any change in the rights of the Equity Securities;
18. Modification to any ESOP Scheme or adoption of any ESOP Scheme;
19. Appointment or removal and determination of the terms of employment of the Managing Director, chief executive officer and any other persons who are the Key Managerial Personnel of the Company, and any significant changes in the terms of their employment agreements.
20. Any steps or action taken by the Company towards liquidation, winding-up, insolvency whether voluntary or involuntary;
21. Any change in the statutory auditors of the Company and any material change in the accounting methods or policies adopted or followed by the Company; and
22. Commencement or the settling of any litigation, arbitration or other proceeding which, in the reasonable opinion of the Investor, is material to the Business.

SCHEDULE 2

PROMOTER RESERVED MATTERS

The following actions of the Company shall require the affirmative vote of the Promoter:

1. Any future issuance and allotment of Equity Securities, provided such issuance (i) is at a per Equity Security valuation below the Investor Entry Price (increased by an IRR of 15% (fifteen percent), and (ii) the Investors and/ or their respective Affiliates intend to acquire any Equity Security in such issuance;

2. (A) Any other change in capital structure of the Company, by way of repurchase, redemption, buy - back or cancellation of any equity securities or equity linked securities, and (B) change of any rights attached to any Equity Security, provided that such change impacts the Promoter and/ or the Equity Securities held by the Promoter adversely, not being in the nature of issue of New Securities in accordance with the terms of the Shareholders' Agreement, and excluding any issuance, allotment in relation to a CAR Issuance;

3. Any appointment/removal of Independent Directors to/from the Board, provided that if the Promoter no longer holds an executive position in the Company, such matter shall not be a Promoter Reserved Matter;

4. Investments (including follow on investments) made by the Company either in the form of loans or subscription to equity instruments, otherwise than in the Ordinary Course of Business;

5. Any amendment to these Articles, the Memorandum or the Shareholders' Agreement, or any change in the rights of the Equity Securities, provided that such change impacts the Promoter and/ or the Equity Securities held by the Promoter adversely;

6. Any Contracts between (i) the Affiliates of any of the Investors or the portfolio companies of any of the Investors on the one hand and (ii) the Company on the other hand, in excess of INR 2,00,00,000 (Rupees two crores only);

7. Modification to any ESOP Scheme or adoption of any ESOP Scheme, provided that if the Promoter no longer holds an executive position in the Company, such matter shall not be a Promoter Reserved Matter;

8. Appointment or removal and determination of the terms of employment of the Managing Director, chief executive officer and any other persons who are the Key Managerial Personnel of the Company, and any significant changes in the terms of their employment agreements, provided that (i) if the Promoter holds any executive positions stated herein in the Company, the said matter with respect to the appointment or removal or determination of terms of such executive position shall not be a Promoter Reserved Matter; and (ii) if the Promoter no longer holds any executive position in the Company; none of the foregoing shall be a Promoter Reserved Matter.

9. Any steps or action taken by the Company towards liquidation, winding-up, insolvency whether voluntary or involuntary;

10. Any change in the statutory auditors of the Company, if the statutory auditor to be appointed is not from among the Big Four Accounting Firms; and

11. Any material change in the accounting methods or policies adopted or followed by the Company, provided however that if such change in the accounting methods or policies is on the recommendation of one of the Big Four Accounting Firms, such matter shall not be Promoter Reserved Matter.

SCHEDULE 3

JM RESERVED MATTERS

1. Any steps or action taken by the Company towards liquidation, winding-up, insolvency whether voluntary or involuntary.

2. Any merger, amalgamation, de-merger, re-organization and / or disposition of all or substantially all assets of the Company either (i) with, or in favour of, a Person Controlled by the Investors, or (ii) in favour of any Person at a per Equity Security valuation below the Investor Entry Price (increased by an IRR of 15% (fifteen percent)) prior to the expiry of 4 (four) years from the Effective Date.

3. Any proposal to selectively reduce capital by cancellation only of equity or equity-linked instruments held by JM, or any buyback of Equity Securities other than the Equity Securities held by JM.

4. Any amendment to these Articles, the Memorandum or the Shareholders' Agreement, or any change in the rights of the Equity Securities held by JM, provided that such change impacts the rights of JM herein, and/ or the Equity Securities held by JM, adversely.

5. Any material investment or divestment (other than in the Ordinary Course of Business) in excess of an aggregate of INR 200,00,00,000 (Rupees two hundred crores) in any Financial Year.

6. Any Contracts between (i) an Affiliate of the Investors on one hand and the Company on the other, in excess of an aggregate of INR 1,00,00,000 (Rupees one crore) in any Financial Year, or (ii) a portfolio company of the Investors on one hand and the Company on the other, other than Contracts that are at arm's length.

7. Any proposal to appoint the statutory auditor of the Company, if such proposed appointee is not one of the Big Four Accounting Firms.

SCHEDULE 4

VALUER

1. Bank of America Merrill Lynch
2. Goldman Sachs
3. Morgan Stanley
4. JP Morgan
5. Deutsche Bank
6. Kotak Mahindra Capital Company
7. Axis Capital
8. Credit Suisse
9. Rothschild
10. Citigroup
11. Lazard
12. Any one of the Big Four Accounting Firms

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Red Herring Prospectus) which are deemed material were attached to the copy of the Red Herring Prospectus which was delivered to the RoC for registration and will also be attached to the copy of this Prospectus to be delivered to the RoC for registration. Copies of the contracts and also the documents for inspection referred to hereunder, were made available for inspection at the Registered Office between 10.00 a.m. and 5.00 p.m. on all Working Days from date of the Red Herring Prospectus until the Bid/ Offer Closing Date (except for such documents executed after the Bid/ Offer Closing Date).

A. Material Contracts for the Offer

1. Offer Agreement dated June 25, 2018, as amended on July 24, 2019, between our Company, the Selling Shareholders, the GCBRLMs and the BRLMs.

2. Registrar Agreement dated June 22, 2018, as amended on July 24, 2019, between our Company, the Selling Shareholders and the Registrar to the Offer.

3. Escrow and Sponsor Bank Agreement dated July 24, 2019, between our Company, the Selling Shareholders, the Registrar to the Offer, the GCBRLMs, the BRLMs, the Syndicate Member, the sponsor bank and the Escrow Collection Bank(s), the Public Offer Account Bank, the Refund Bank(s) and the Registrar to the Offer, as amended by an amendment agreement dated August 2, 2019, amongst our Company, the Selling Shareholders, the Registrar to the Offer, GCBRLMs and the BRLMs, the Syndicate Member, the Sponsor Bank, the Escrow Collection Bank, the Public Offer Account Bank and the Refund Bank.

4. Share Escrow Agreement dated July 24, 2019 between the Selling Shareholders, our Company and the Share Escrow Agent.

5. Syndicate Agreement dated July 24, 2019, as amended on August 2, 2019, between our Company, the Selling Shareholders, the GCBRLMs, the BRLMs and the Syndicate Member.

6. Underwriting Agreement dated August 8, 2019 between our Company, the Selling Shareholders and the Underwriters.

7. Monitoring Agency Agreement dated July 24, 2019 between our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended.

2. Certificate of incorporation dated March 10, 2003 issued by the Registrar of Companies, Andhra Pradesh to our Company, in its former name, being Spandana Sphoorty Innovative Financial Services Limited.

3. Fresh certificate of incorporation dated January 3, 2008 issued by the Registrar of Companies, Andhra Pradesh to our Company consequent upon change of name of our Company to Spandana Sphoorty Financial Limited.

4. Resolutions of the Board of Directors dated June 14, 2018, authorizing the Offer and other related matters.

5. Shareholders' resolution dated June 14, 2018, authorizing the Offer and other related matters.

6. Board resolution dated July 25, 2019, approving the Red Herring Prospectus.

7. Consent letter dated June 18, 2018 from the Individual Promoter authorizing her portion of the Offer for Sale.

8. Consent letter dated June 18, 2018, as amended on July 23, 2019, from VSRRV authorizing his portion of the Offer for Sale.

9. Resolution of the board of directors of Kangchenjunga dated June 6, 2018, read with consent letter dated June 18, 2018, as amended on July 23, 2019, authorizing the Offer for Sale.

10. Resolution of the partners of Kedaara Capital Advisors LLP dated May 21, 2018, read with consent letter dated June 18, 2018, as amended on July 23, 2019, authorizing its portion of the Offer for Sale.

11. Consent letter dated June 18, 2018, as amended on July 23, 2019, from Valiant authorizing its portion of the Offer for Sale.

12. Consent letter dated May 25, 2018, as amended on July 23, 2019, from Helion II authorizing the Offer for Sale.

13. Consent letter dated May 25, 2018, as amended on July 23, 2019, from Helion authorizing the Offer for Sale.

14. Copies of the annual reports of our Company for the Fiscals 2018, 2017, 2016, 2015 and 2014.

15. Consent letter dated July 9, 2019 from ICRA Limited.

16. Report titled "Indian Microfinance Sector" dated July 9, 2019 prepared by ICRA Limited.

17. The examination reports dated June 28, 2019 of the Statutory Auditors, on our Company's Restated Financial Statements, included in this Prospectus.

18. The statement of special tax benefits dated July 16, 2019 from the Statutory Auditors.

19. Consent letter dated August 8, 2019 from the Statutory Auditors for (a) the examination reports dated June 28, 2019 of the Statutory Auditors, on our Company's Restated Financial Statements, included in the Prospectus; and (b) the statement of special tax benefits dated July 16, 2019 from the Statutory Auditors.

20. Consent of the Directors, the GCBRLMs, the BRLMs, the Syndicate Member, Domestic Legal Counsel to our Company, Domestic Legal Counsel to the GCBRLMs and the BRLMs, International Legal Counsel to the GCBRLMs and the BRLMs, Indian Legal Counsel to the Corporate Promoter Selling Shareholder, Registrar to the Offer, Escrow Collection Bank(s), Public Offer Account Bank(s), Refund Bank(s), the Sponsor Bank, Monitoring Agency, Bankers to our Company, Company Secretary and Compliance Officer, and Chief Financial Officer as referred to in their specific capacities.

21. Due diligence certificate dated June 25, 2018, addressed to SEBI from the GCBRLMs and the BRLMs.

22. OCCRPS Share purchase agreement dated March 21, 2017 entered into between 37 banks/ financial institutions listed in the schedule to the agreement, ICICI Bank Limited, India Infoline Finance Limited, Kangchenjunga and Kedaara AIF 1 and our Company.

23. Share Purchase Agreement dated March 27, 2017 entered into amongst Padmaja Gangireddy, Kangchenjunga, Kedaara AIF 1, India Infoline Finance Limited and our Company.

24. Share subscription agreement dated March 29, 2017 entered into amongst Padmaja Gangireddy, Kangchenjunga, Kedaara AIF 1 and our Company.

25. Share Purchase Agreement dated March 29, 2017 entered into amongst JM Financial Trustee Company Private Limited on behalf of JM Financial India Fund III, JM Financial Investment Managers Limited, Kangchenjunga, Kedaara AIF 1 and our Company.

26. Shareholders' Agreement dated March 29, 2017 read with the amendment agreement dated April 16, 2018 entered into amongst Kangchenjunga, Kedaara AIF 1, Padmaja Gangireddy, Vijaya Siva Rami Reddy Vendidandi, Bala Deepti Gangireddy, Spandana Employees Welfare Trust, JM Financial Trustee Company Private Limited, Lok Advisory Services Private Limited, Valiant Mauritius Partners FDI Limited, Helion Venture Partners II LLC, Helion Venture Partners LLC and our Company.

27. Amendment dated April 16, 2018, to the shareholders' agreement dated March 29, 2017, entered into amongst Kangchenjunga, Kedaara AIF 1, Padmaja Gangireddy, Vijaya Siva Rami Reddy Vendidandi, Bala Deepti Gangireddy, Spandana Employees Welfare Trust, JM Financial Trustee Company Private Limited, JM Financial Products Limited, Valiant Mauritius Partners FDI Limited, Helion Venture Partners II LLC, Helion Venture Partners LLC and our Company.

28. Amendment dated June 21, 2018, to the shareholders' agreement dated March 29, 2017, as amended on April 16, 2018, entered into amongst Kangchenjunga, Kedaara AIF 1, Padmaja Gangireddy, Vijaya Siva Rami Reddy Vendidandi, Bala Deepti Gangireddy, Spandana Employees Welfare Trust, JM Financial Trustee Company Private Limited, JM Financial Products Limited, Valiant Mauritius Partners FDI Limited, Helion Venture Partners II LLC, Helion Venture Partners LLC and our Company.

29. Amendment dated July 4, 2019, to the shareholders' agreement dated March 29, 2017, as amended on April 16, 2018 and June 21, 2018, entered into amongst Kangchenjunga, Kedaara AIF 1, Padmaja Gangireddy, Vijaya Siva Rami Reddy Vendidandi, Deepti Bala Kallam, Spandana Employees Welfare Trust, JM Financial Trustee Company Private Limited, JM Financial Products Limited, Valiant Mauritius Partners FDI Limited, Helion Venture Partners II LLC, Helion Venture Partners LLC and our Company.

30. Waiver letter dated June 21, 2018 entered into amongst Kangchenjunga, Kedaara AIF 1, Padmaja Gangireddy, Vijaya Siva Rami Reddy Vendidandi, Bala Deepti Gangireddy, Spandana Employees Welfare Trust, JM Financial Trustee Company Private Limited, JM Financial Products Limited, Valiant Mauritius Partners FDI Limited, Helion Venture Partners II LLC, Helion Venture Partners LLC and our Company.

31. Spandana ESOP Plan 2018.

32. Promoter subscription agreement dated March 31, 2017 was entered into between the Kangchenjunga, Kedaara AIF 1, Padmaja Gangireddy and our Company.

33. Share Purchase Agreement dated April 24, 2017 entered into amongst Padmaja Gangireddy, Kangchenjunga, Kedaara AIF 1 and our Company.

34. Share Purchase Agreement dated April 27, 2017 entered into amongst Lok Advisory Services Private Limited, Kangchenjunga, Kedaara AIF 1 and our Company.

35. Master Restructuring Agreement dated September 24, 2011 entered into amongst certain banks/ financial institutions listed in the schedule to the agreement, ICICI Bank Limited and our Company.

36. Settlement agreement dated March 21, 2017 entered into between certain banks/ financial institutions listed in the schedule to the agreement as existing lenders, ICICI Bank Limited, IDBI Trusteeship Services Limited and our Company.

37. Memorandum of understanding dated December 9, 2013 entered into between Abhiram Marketing and our Company read with supplemental agreements dated December 31, 2013, September 20, 2014 and March 31, 2016.

38. Approval for proposed change in control/ management of Criss Financial owing to accquisiton of equity shares by the Company dated October 5, 2018.

39. In-principle listing approvals dated July 16, 2018 and July 24, 2018, issued by BSE and NSE, respectively.

40. Tripartite agreement dated September 15, 2009, between our Company, NSDL and the Registrar to the Offer.

41. Tripartite agreement dated May 18, 2018, between our Company, CDSL and the Registrar to the Offer.

42. SEBI observation letter dated August 2, 2018 and October 12, 2018.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, rules and regulations thereof and guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, SCRR, the SEBI Act or rules or regulations made there under or guidelines issued, as the case may be. We further certify that all the statements in this Prospectus are true and correct.

SIGNED BY DIRECTORS OF OUR COMPANY

Deepak Calian Vaidya
(Non-Executive Chairman and Independent Director) ______________________________

Padmaja Gangireddy
(Managing Director) ______________________________

Bharat Dhirajlal Shah
(Non-Executive, Independent Director) ______________________________

Jagdish Capoor
(Non-Executive, Independent Director) ______________________________

Abanti Mitra
(Non-Executive, Independent Director) ______________________________

Sunish Sharma
(Non-Executive Director) ______________________________

Ramachandra Kasargod Kamath
(Non-Executive Director) ______________________________

Kartikeya Dhruv Kaji
(Non-Executive Director) ______________________________

Amit Sobti
(Non-Executive Director) ______________________________

Darius Dinshaw Pandole
(Non-Executive Director) ______________________________

SIGNED BY CHIEF FINANCIAL OFFICER

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Sudhesh Chandrasekar

Place: Mumbai
Date: August 8, 2019

DECLARATION

The undersigned Selling Shareholder confirms that all statements and undertakings specifically confirmed or undertaken by her in this Prospectus about or in relation to herself and her portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, including any of the statements made by or relating to our Company, any other Selling Shareholder or any other person(s) in this Prospectus.

SIGNED BY THE INDIVIDUAL PROMOTER SELLING SHAREHOLDER

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Padmaja Gangireddy
Date: August 8, 2019

DECLARATION

The undersigned Selling Shareholder hereby confirms that all statements and undertakings specifically confirmed or undertaken by him in this Prospectus about or in relation to himself and his portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, including any of the statements made by or relating to our Company, any other Selling Shareholder or any other person(s) in this Prospectus.

SIGNED BY THE SELLING SHAREHOLDER

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Vijaya Siva Rami Reddy Vendidandi
Date: August 8, 2019

DECLARATION BY THE CORPORATE PROMOTER SELLING SHAREHOLDER

Kangchenjunga hereby confirms that all statements and undertakings specifically confirmed or undertaken by it in this Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Kangchenjunga assumes no responsibility for any other statements, including any of the statements made by or relating to our Company, any other Selling Shareholder or any other person(s) in this Prospectus.

SIGNED FOR AND BEHALF OF KANGCHENJUNGA LIMITED

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Name: Tej Gujadhur
Designation: Director
Date: August 8, 2019

DECLARATION

Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1, a fund registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as a category II Alternative Investment Fund and acting through its Trustee, IDBI Trusteeship Services Limited hereby confirms that all statements and undertakings specifically made or confirmed by Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1 in this Prospectus, about or in relation to itself as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1, a fund registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as a category II Alternative Investment Fund and acting through its Trustee, IDBI Trusteeship Services Limited assumes no responsibility for any other statements including statements made by the Company or any other person(s) in this Prospectus.

SIGNED FOR AND BEHALF OF KEDAARA CAPITAL ALTERNATIVE INVESTMENT FUND – KEDAARA CAPITAL AIF 1 AND ACTING THROUGH ITS TRUSTEE, IDBI TRUSTEESHIP SERVICES LIMITED

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Name: Nishant Sharma
Designation: Authorised Signatory, Investment Manager, Kedaara Capital Advisors LLP
Date: August 8, 2019

DECLARATION

Helion hereby confirms that all statements and undertakings specifically confirmed or undertaken by it in this Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Helion assumes no responsibility for any other statements, including any of the statements made by or relating to our Company, any other Selling Shareholder or any other person(s) in this Prospectus.

SIGNED FOR AN ON BEHALF OF HELION VENTURE PARTNERS LLC

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Name: Sandeep Fakun
Designation: Director
Date: August 8, 2019

DECLARATION

Helion II hereby confirms that all statements and undertakings specifically confirmed or undertaken by it in this Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Helion II assumes no responsibility for any other statements, including any of the statements made by or relating to our Company, any other Selling Shareholder or any other person(s) in this Prospectus.

SIGNED FOR AND ON BEHALF OF HELION VENTURE PARTNERS II LLC

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Name: Sandeep Fakun
Designation: Director
Date: August 8, 2019

DECLARATION

Valiant hereby confirms that all statements and undertakings specifically confirmed or undertaken by it in this Prospectus about or in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Valiant assumes no responsibility for any other statements, including any of the statements made by or relating to our Company, any other Selling Shareholder or any other person(s) in this Prospectus.

SIGNED FOR AND ON BEHALF OF VALIANT MAURITIUS PARTNERS FDI LIMITED

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Name: Mahmad Tahleb Rujub
Designation: Director
Date: August 8, 2019